

49 JAN/FEB 2008

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NEW LEFT REVIEW

Achin Vanaik *Nepal's Throne Toppled*

Rossana Rossanda *Life and Politics*

Alain Badiou *Spectres of 68*

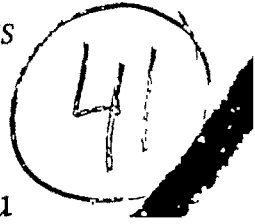
Zhang Yongle *Reading Dushu*

John Frow *Prose of the World*

Dennis Rodgers *Salsa City*

Tom Mertes *American Duopoly*

Anders Stephanson
A Mirror for Presidents



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ANNUAL SUBSCRIPTION WITH ONLINE ARCHIVE ACCESS

INDIVIDUAL

£34/\$60/€52 (surface), £44/\$75/€67 (airmail)

STUDENT RATE

£24/\$40/€36 (proof required)

KP 2748

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£210/\$395/€310 (surface), £220/\$415/€325 (air)

NON OECD INSTITUTIONS

£98/\$195/€145 (surface), £108/\$215/€160 (air)

SINGLE ISSUES

£21/\$40/€32 (institutions), £7/\$12/€12 (individuals)

PUBLISHED BY: New Left Review Ltd (ISSN 0028-6060)

World Copyright © 2008, New Left Review

Published six times a year in January, March, May, July, September and November

UK DISTRIBUTOR: Central Books, London

US DISTRIBUTORS: Ingram Periodicals, La Vergne, TN
Ubiquity, Brooklyn, NY

US POSTAGE: Periodicals postage paid at Rahway, NJ

US AGENT: Mercury International, 365 Blair Road, Avenel, NJ 07001

US POSTMASTER: Send address corrections to New Left Review,
365 Blair Road, Avenel, NJ 07001

PRINTED BY: Alden Press, Oxford

DESIGNED BY: Peter Campbell

NEW LEFT REVIEW

SECOND SERIES

JANUARY FEBRUARY 2008



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ZHANG YONGLE: No Forbidden Zone in Reading?

For a decade, the monthly review *Dushu* has published some of China's most incisive debates on the country's culture and economy. Zhang Yongle's survey relates the journal's trajectory to the PRC's dramatic development course and ruptures within its intelligentsia.

ALAIN BADIOU: The Communist Hypothesis

Why does the spectre of May 68 still haunt French discourse? Alain Badiou on the country's *longue durée* sequences of restoration and revolt, and the place of Sarkozy's presidency within them. Lessons in political courage from Plato and Corneille, and a call to reassert the Manifesto's founding wager.

ACHIN VANAIK: New Himalayan Republic

The overthrow of the monarchy in Nepal, brought about by a prolonged people's war and massive popular mobilizations. Achin Vanaik sets out the complex socio-historical backdrop to the Second Democratic Revolution of 2006, the ensuing struggle for a new republic, and the tactical challenges facing the CPN-M.

ROSSANA ROSSANDA: The Comrade from Milan

Memories of war-time resistance work and the political culture of the million-strong PCI in liberated Milan, from one of the founding editors of *Il Manifesto*. Questions and doubts, in this portrait of an unsentimental education.

DENNIS RODGERS: A Symptom Called Managua

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JOHN FROW on Franco Moretti, ed., *The Novel*. Landmark collection of essays tracing the history and geography of the novel, and relations between morphology, themes and social forms.

ANDERS STEPHANSON on John Lewis Gaddis, *Cold War and Surprise, Security and the American Experience*. Diplomatic history as mirror for presidents, with postwar geopolitics recast as morality tale.

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ZHANG YONGLE

NO FORBIDDEN ZONE IN READING?

Dushu and the Chinese Intelligentsia

THE PUBLICATION DATE for this long-planned selection of articles from *Dushu*—probably China's leading intellectual journal of the past decade, as well as its most controversial—has turned out to be highly ironic.¹ In July 2007, even as the six-volume *Essentials of Dushu* collection was appearing in the bookshops, its two chief editors, Wang Hui and Huang Ping, were being dismissed from the monthly magazine by its parent company, SDX Publishing. The official grounds for this seemed scarcely plausible: initially there was talk of falling circulation, although in fact the number of *Dushu* subscribers had risen under Wang and Huang, from around 60,000 to well over 100,000. SDX then announced that it was implementing a company policy that required all chief editors to be full-time, rather than complement their work with university teaching, as was the case for Wang and Huang. The company could provide no explanation, however, as to why it had suddenly 'remembered' this policy, which had existed for many years without ever being enforced.

The dismissals provoked a storm of controversy among Chinese intellectuals: debate raged in cyberspace, newspapers and journals over the merits of the 'Wang and Huang era' of *Dushu*. The editors' detractors argued that the two had turned the journal, 'universally recognized' by the Chinese intelligentsia in the 1980s and early 90s, into a platform for a small 'new-left clique', abandoned its elegant prose tradition and rendered it too specialized to be readable. *Dushu*'s supporters, however,

argued that Wang and Huang's editorial policy embodied precisely the sort of critical orientation that intellectuals should insist upon in an age of dramatic social transformation, when marketization and uneven development have created widening disparities in the midst of high-speed growth. This selection of the *Essentials of Dushu* allows readers to form their own assessments of the journal's contribution to understanding and evaluating those processes. It offers an overview of *Dushu's* intellectual preoccupations during the decade from 1996 to 2005, reflecting the major changes brought about under the joint editorship of Wang and Huang. For those outside China, it can also provide a good window on intellectual debates in the PRC during this period: the journal provoked a great many discussions, exchanges and political polemics and, as its title suggests, this selection includes nearly all the essential pieces.

Openings

Dushu—the name literally means 'book reading'—was founded as a monthly journal in 1979, with the famous slogan 'No Forbidden Zone in Reading'. It has published a range of book reviews, memoirs and scholarly essays, running from brief notices—a few hundred characters long—to texts of 12,000 characters (around 7,500 words in English), with a median length of about 4,000 characters or 2,500 words. During the early 1980s, under the editorships of Ni Ziming and Chen Yuan, elegantly written contributions by an older generation of scholars and political essays by open-minded thinkers within the Party made up a significant portion of the journal's articles. *Dushu* was by no means the only platform for intellectual discussion at the time: *Lishi Yanjiu* (Studies in History) and *Zhongguo Shehui Kexue* (Social Sciences in China) were also influential in debating contemporary issues. *Dushu* was known especially for its publication of memoirs and intellectual portraits, which provided a sort of pantheon through which the Chinese intelligentsia could construct a new collective identity.

Despite many disagreements, there was a tacit consensus of outlook among the intelligentsia in this period: they shared a feeling of weariness after the recent revolutionary past and an aspiration for modernization that was summed up in the notion of the 'new enlightenment' as the

¹ *Dushu Jing Xuan* [The Essentials of Dushu], 1996–2005, SDX Publishing Company: Beijing 2007, in six volumes.

character of the age, reflecting an inclination towards liberal universalism; this would be expressed in Tiananmen Square in 1989. The 'new enlightenment' was marked by a certain West-centrism, based on the belief in a linear-historical model of modernization, for which the West's experience was seen as a prime example. Interestingly, many *Dushu* articles in the 1980s tended to look towards Japan: restructured by the United States after 1945, and spared the trauma of political revolution, the Japanese economy had emerged as the second largest in the world. Such admiration was underpinned by an unspoken comparison: in China, revolution had disrupted the modernizing process and caused the country to lag behind. When the Chinese Communist Party distanced itself from its revolutionary past and re-fashioned itself as a 'party of modernization' after 1978, it was therefore seen by many intellectuals as getting back on the right track. For China, the urgent task was to follow the example of the developed countries and integrate herself into the mainstream world order, according to the post-revolutionary consensus. Correspondingly, the glorious mission of Chinese intellectuals was to use the codified criteria of modernity to criticize China's development, past and present.

From around 1985, the introduction of Western concepts and methodologies became a major focus of *Dushu*'s interest: modernization theory, semiology, Russian formalism, Foucauldian analysis, Braudel and the *Annales* school of historiography were a heady brew for a younger generation of intellectuals. The move was part of the wave known as the 'cultural fever' of the 1980s, in which SDX was an active participant; the publishing house produced a famous series of translations edited by Gan Yang, then a graduate student at Beijing University, under the rubric 'Culture: China and the World', which systematically introduced the work of Western thinkers. A similar series, edited by Jin Guantao and Bao Zunxin, was published by Sichuan People's Press under the title 'March to the Future'. *Dushu* ran reviews of many of these translations, including works by Nietzsche, Freud, Heidegger, Sartre and others. At the same time, looking back at the *Dushu* of the late 1980s and early 1990s, one hardly gets any glimpse of the changes that were taking place in Chinese society beyond the intellectual world: the dissolution of the People's Communes, the rise of village and township enterprises, economic marketization, fiscal decentralization and so on; the journal operated more like a salon or club.

Dushu did not suffer as much from the official clampdown after 1989 as some of its sister journals, and continued as a site for 'cultural fever'. The fact that many of the other influential magazines of the 1980s were affected by such pressures and deprived of much of their intellectual vigour led to *Dushu* assuming greater salience. If anything, the commercialization of Chinese society after 1992 probably posed greater challenges to *Dushu*. The readership of most intellectual reviews was shrinking at the time and Shen Changwen, chief editor during 1986–96, turned to a more populist policy, aiming to make its articles easier to read. From 1996, however, when Wang Hui and then Huang Ping were invited to join the journal—initially on a temporary basis—after Shen's retirement, *Dushu* was orientated along more critical and scholarly lines. The pair strengthened the social-science coverage of the journal and encouraged an open engagement with contemporary political and economic issues. They were also more interested in interacting with the international intellectual community than their predecessors had been. It was under Wang and Huang that *Dushu* emerged as a socially critical journal; uncongenial to some, but nevertheless posing questions that indubitably had a wider resonance.

New generation

The two scholars represented a professional as well as a generational break. During the period 1979–96, *Dushu*'s chief editors were publishers and editors, whose intellectual formation was largely in literature, history and philosophy. Wang Hui and Huang Ping emerged from a more formal academic background. Wang, born in 1959, was first known as a Lu Xun specialist, and completed his doctoral studies in the history of Chinese literature. In the late 1980s, he turned to intellectual history. His long paper, 'Contemporary Chinese Thought and the Question of Modernity', originally composed in 1994 but published in 1997, was a shock to Chinese intellectuals at that time and provoked serious debates, due to its critical attitude toward capitalist modernity and its strongly socio-historical approach to the history of ideas.² His recent four-volume work, *The Rise of Modern Chinese Thought*, systematically explores the transformation of traditional thinking within modern social contexts. Wang currently teaches at Tsinghua University and is one of

² Wang Hui, 'Dangdai Zhongguo Sixiang Jingkuang yu Xiandaixing Wenti', in *Tianya* 5, 1997. For an English translation, see Wang Hui, 'Contemporary Chinese Thought and the Question of Modernity', *Social Text* 55, 1998, pp. 9–44.

the best-known scholars in China. Huang Ping was born in 1958 and received his PhD in sociology from the London School of Economics; he now teaches at the Chinese Academy of Social Sciences. He has served as an editor on several international journals, including *Comparative Sociology*, the *British Journal of Sociology* and *Current Sociology*, and has written on social development, modernity and globalization, and—above all—rural development and regional balance in China. Both have a solid background in social theory, which enables them to pose many critical questions about contemporary China. In terms of intellectual formation, they are mutually complementary: Wang is strong in literature and history, Huang in empirical social science.

In part, this represented a wider process of differentiation among Chinese intellectuals during the 1990s. The social sciences became increasingly important in the discussion of public problems from the middle of the decade onwards, and Wang Hui is one of many scholars who moved from literature to social and intellectual history during this period. But *Dushu's* orientation also reflected the dramatic ideological cleavage that has taken place within the intelligentsia from the mid-90s, when many of its authors began to articulate a critique of China's development path. This was a highly controversial stance, soon dubbed 'new left' or 'post-modernist'. Both labels had strong negative connotations in this context: for a long time after the 1970s, it was almost scandalous for an intellectual to be described as 'left' (as opposed to 'liberal'), because the majority of the intelligentsia had once been the victim of the ultra-leftism of the Chinese Communist Party. Post-modernism seemed even stranger: how could an intellectual criticize the ideal of modernization in a backward society?

Yet the growth of the 1990s produced social outcomes that the intellectuals of the 1980s could scarcely have envisaged. Following Deng Xiaoping's famous 'southern tour' speech in 1992, the CCP threw itself into a reform process characterized by marketization, privatization and integration into the capitalist world order, in which the rapid expansion of export-oriented manufacturing laid the foundation for China's rise to become the 'workshop of the world'; at the same time, the sale of state-owned enterprises, combined with cuts in social welfare to balance the deficit arising from the fiscal decentralization of the 1980s, resulted in millions of state-owned enterprise workers being laid off. As the wave of privatization spread to collectively owned township and village enterprises,

millions more peasants lost their jobs and had to travel to the coastal cities to look for work. Disparities grew between rich and poor, urban and rural districts, coastal regions and the hinterland. Pollution worsened dramatically. The high cost of development fell on ordinary people.

It was these conditions that split the relative consensus that had obtained among Chinese intellectuals during the 1980s. The government held fast to the doctrine of 'efficiency first'—*xiaolü youxian*—and forbade any open challenge to this programme. Mainstream economists formed a virtual priesthood around the project of privatizations and social-welfare cuts, and for a long time they almost monopolized the discussion within the intelligentsia and society at large. Any problems emerging from privatization and uneven development were dismissed as temporary hiccups that would be solved by further marketization. For many intellectuals, the rapid growth of the 1990s confirmed their belief in modernization: privatization would lead to economic development, which would in turn give rise to political freedom; this Hayekian–Friedmanite process was understood to be an irresistible tide of world history. Others, however, called attention to the 'dark side' of China's growth model. New voices emerged; the 1980s concept of modernization now seemed increasingly problematic and vulnerable. Disagreements rose to the surface and the shaky intellectual foundations of the old consensus were exposed. As a leading intellectual journal, *Dushu* not only witnessed this transformation but was an important participant in it.

Essentials of Dushu provides a good record of many of these debates and of the strong critical views expressed within them. In contrast to the 1980s, the pages of *Dushu* in its 'Wang and Huang phase' also offer a clear picture of the turbulent developments in Chinese society, as the journal grappled with contemporary problems. *Dushu* has not been the only locus for such discussions: other journals have thrived over the past decade, including *The Twenty-First Century*, *Strategy and Management* and the more left-wing *Tianya*, all of which publish longer articles than *Dushu*. Wang Hui himself has written for all three; his famous essay, 'Contemporary Chinese Thought and the Question of Modernity', which is around 35,000 characters long, appeared in *Tianya*. However, *Tianya* focuses on literature, not social sciences; *Strategy and Management* concentrates on social sciences, not humanities; *The Twenty-First Century* is strong in both, but it is published in Hong Kong and not many people in mainland China have direct access to it. In the

early 1990s, *The Twenty-First Century* was the only journal available to those who had fled overseas after 1989 and became a very important resource. It published key debates on conservatism and radicalism in 20th-century Chinese thought, for example, and on China's state capacity. Since the mid-1990s, as journals on the mainland regained their vigour, its significance has declined. *Dushu* for its part has enjoyed an important advantage in being located in Beijing, and has historically maintained close relations with scholars in a wide range of fields. These, however, are not the major reasons for *Dushu*'s significance during this period: the journal's real strength lies in its systematic reflection on the ongoing changes of its times.

Social strategies

The six volumes of *Essentials of Dushu* are organized thematically. The first, 'Reform: Looking Back, Pushing Forwards', focuses on issues of political economy, grouped under four headings: the problems of agriculture, the reform of state-owned enterprises, 'equity and efficiency', and sustainable development—62 articles in all.³ *Dushu* is to be congratulated for its discussion of agrarian problems, which initiated a national debate. In the 1990s, the government was mainly occupied by reforms in urban areas, and paid scant attention to the problems of the countryside. *Dushu*'s coverage alerted people to the desperate situation of the peasantry (*nongmin*), agriculture (*nongye*) and the rural areas (*nongcun*)—'the three nongs', as they are known in Chinese. Some of the authors see the root of the problem in the dual urban/rural system, under which peasants are institutionally discriminated against; they propose a reform of the system to guarantee equal citizenship, and accelerate urbanization to transfer the agricultural population to the towns—essentially a market-oriented policy. Others express deeper doubts about the market and China's capacity for urbanization. Wen Tiejun, in his 1999 text 'The Problem of the "Three Nongs"', traces the current state of agrarian China back to the contradiction between the country's large population and poor resources, and analyses the major institutional changes in rural areas over the last century. Viewed from this perspective, the official policy of increased urbanization and marketization risks leading to a 'Latin Americanization', characterized by urban poverty, violence and political turmoil. Wen Tiejun thus turns consideration of these problems into a

³ *Dushu Jing Xuan*, vol. 1: *Gaige: Fansi yu Tuijin* ('Reform: Looking Back, Pushing Forwards'), 547 pp, paperback, 978 7 108 026330.

reflection on China's overall path of development. Other authors may not share this outlook, but they too are concerned that the high risk factor of the market may exacerbate the peasants' plight; all are well informed.

Likewise for the state-owned enterprise reforms: many *Dushu* contributors have doubts about a crude privatization policy and point out that it is misleading to attribute the low efficiency of SOEs to public ownership alone, since management practices are also important. Radical privatization has often bred corruption and led to a veritable theft of public property, in these circumstances the introduction of a joint-stock system does not always improve production. A series of articles responds to the 'efficiency first' doctrine, arguing that it has proved a self-destructive force. The question 'should economics discuss morality?' provokes a fierce debate on the nature of economics itself, with both sides urging a re-reading of Adam Smith's *Wealth of Nations* and *Theory of Moral Sentiments*. The role of the economists themselves also comes under close scrutiny: their authority is questioned in the 1996 article 'Theories of Economics and the Art of Dragon-Killing' by He Qinglian, a liberal journalist whose famous book *The Trap of Modernization* discussed the social injustices of China's growth model. Her text provoked a counter-blast from some economists, whose responses have also been included in this volume. This is another debate of which *Dushu* may be justly proud: it was the earliest discussion on this subject in China, and the first time that the intellectual supremacy of the economists was called to account. Even if their views are also represented in this volume, the agenda itself—social inequality, the morality of colossal private enrichment—is a challenge to them.

The second volume, 'Reconstructing Our Image of the World', reflects *Dushu*'s response to the changing international order, both political and economic.⁴ The Yugoslav war, the US bombing of the Chinese embassy in Belgrade, China's entry into the WTO, 9-11 and the invasion of Afghanistan and Iraq inevitably led many intellectuals to modify the rosy picture of the Western-led world order they had held since the 1980s. Shu Chi's 'International Terror and International Politics', published in November 2001, analyses the Cold War origins of Islamic fundamentalism, while the Hong Kong poet Huang Canran discusses the intelligentsia's response to the Iraq War and to Western neo-conservatism in his 'Gain

⁴ *Dushu Jing Xuan*, vol. II, *Chonggou Women de Shijie Tujing* ('Reconstructing Our Image of the World'), 430 pp, paperback, 978 7 108 026354.

the Empire, but Lose Democracy'. The invasion of Iraq provoked a heated debate in China, with some right-wingers declaring their support for the war, while the left denounced it.

Many of the articles in Volume Two—there are 41 in all—grapple with the current path of globalization and explore alternative, more equitable options. Volume Two also reflects *Dushu's* increasing interaction with intellectuals overseas: there are interventions by Benedict Anderson, Chomsky, Amy Chua, Derrida, J. K. Galbraith, Habermas, Thomas Pogge and Vandana Shiva. There is a very strong debate around the 1997 Asian Financial Crisis. Xu Baoqiang, based in Hong Kong, argues in his 1998 article, 'Re-reading Braudel in the Storm of the Asian Financial Crisis', that the crash has exposed the vulnerability of neo-classical economics, developmental state theory, and 'Confucian capitalism' models; the crisis should be situated within the shifting of world capitalism's 'centre of gravity' eastwards, in the terms of Braudel's structural analysis. In 'From Open Society to the Global Crisis of Capitalism', Luo Yongsheng, also from Hong Kong, draws attention to George Soros's critique of market fundamentalism. Benedict Anderson's 'The Ghost Behind the Miracle' views the crisis from a historical perspective.⁵ As the four geographico-political conditions for Southeast Asia's economic miracle—US support, Japanese investment, the PRC's self-isolation and Chinese immigration to Southeast Asia—gradually disappeared, and in the absence of any other effective reform, the miracle finally collapsed.

These analyses were new to most Chinese intellectuals on the mainland, who were still unfamiliar with the notion of capitalist crisis or the debates around deregulated capital flows; 1997 provided much food for thought. Jiao Wenfeng's 2002 article 'The Regulated Market', citing the work of Polanyi and Braudel, argues that the pre-capitalist market economy was deeply embedded in local society and points to the role of the state in breaking down barriers between local markets. The 'regulated market' is the end product of a long social-political process. These discussions were implicit responses to the prevailing Hayekian doctrine of a 'spontaneous order'.

The general aim of this volume is to emphasize that the market is not self-sufficient, it operates in specific political, social and cultural contexts. The

⁵ Published in English as 'From Miracle to Crash', *London Review of Books*, 16 April 1998.

international economic order is inseparable from international politics. Some texts point out that the ideology of free trade conceals the historical reality that its proponents rose to power through protectionism and colonial plunder. Others propose that the current path of globalization has led not just to increasing disparity between rich and poor but also to the deepening of domestic social or ethnic conflict, as Amy Chua's *The World on Fire* (2004) suggests. The question of global terrorism is viewed in a similar light: a large, oppressed population suffering from uneven development has become the breeding ground for extremism. These discussions generally present a grey picture of the international political-economic order; but the implication is not a return to isolationism, but a change in direction on the path of globalization towards greater equality.

Dushu's efforts to restore an Asian dimension to the worldview of Chinese intellectuals are worthy of special note. Asia was a constant presence for Chinese revolutionaries, whether nationalist or communist, during the first half of the 20th century, but it had disappeared by the 1980s; for most intellectuals in the 1990s, the world essentially meant China and the West, with the image of the latter wavering between imperialist exploiters and exemplars of modern civilization. The sole Asian country frequently mentioned was Japan, which featured only as an economic success story. This situation was transformed by Wang and Huang. The 30 *Dushu* articles (around 350 pages) collected in Volume Four under the title 'The Pathology of Asia' cover the intertwining of Chinese and Japanese history, the dilemmas of East Asian historiography, the Korean question, so-called 'Asian values', the political and cultural identity of overseas Chinese, 'subaltern studies' and more.⁶ Authors—among them Sanjay Subrahmanyam, Chalmers Johnson, Samir Amin, Arundhati Roy, Partha Chatterjee, Muto Ichio, Mizoguchi Yuzo, Koyasu Nobukuni, Kojima Kiyoshi, Baik Young-Seo, Lee Nam Ju, Chen Lijuan, Wang Gengwu and Ma Yiren—come from China, Japan, South Korea, India, Singapore, Malaysia, the US and Egypt; four from Taiwan contribute their reflections on the island's recent history. The wide range of authorship illustrates the editors' goal: not simply to reconstruct the horizon of 'Asia' for the Chinese intelligentsia but to build *Dushu* as a platform for international discussion on Asian problems—including the ambiguities

⁶ *Dushu Jing Xuan*, vol. IV, *Yazhou de Bingli* ('The Pathology of Asia'), 350 pp, paperback, 978 7 108 026378.

and contradictions in the notion of Asia itself. As Wang Hui's account in *Le Monde Diplomatique* suggests:

The idea is simultaneously colonialist and anti-colonialist, conservative and revolutionary, nationalist and internationalist; it originated in Europe and shaped the self-interpretation of Europe; it is closely related to the matter of the nation-state and overlaps with the vision of empire; it is a geographic category established in geopolitical relations.⁷

The tacit point of reference for 'The Pathology of Asia' is Europe's transition from warring nation-states to economic and political union. While 'Europe' as an identity has acquired some substance, 'Asia' remains a more ambiguous concept. The two editors tend to think that although an 'Asian Union' with political and economic substance is still a distant prospect, it is possible to conceive an intellectual community based upon transnational intellectual networks. *Dushu's* effort has at least promoted mutual understanding between Chinese, Japanese and Korean thinkers. Many Chinese intellectuals have recognized the importance of the Kyoto School and begun to respond to it, for instance. Korean scholar Wookyon Lee and Japanese scholar Yaoichi Komori expressed open regret when Wang and Huang were dismissed from *Dushu*. Both spoke highly of the journal's contribution to intellectual dialogue in East Asia during the last decade.

Vision and memory

Dushu's wide-ranging cultural coverage is represented in Volume Three, 'A Compelling Gaze'—there are some 41 articles in all, on theatre, fine arts, architecture, film and music.⁸ The title comes from a sharp critique by Zhang Chengzhi, a Chinese Muslim, of the National Geographic Channel's activities in Afghanistan. In 2002, the channel commissioned a programme to look for a green-eyed Afghan girl whose picture had appeared on the cover of *National Geographic* sixteen years earlier, when her country had been the battlefield for a proxy war between the two superpowers. They found her, now a middle-aged woman, and took a series of new pictures. Her gaze, revealing a mixture of fear, grief and

⁷ Wang Hui, 'An Asia that isn't the East', *Le Monde Diplomatique*, 27 February 2005.

⁸ *Dushu Jing Xuan*, vol. III, *Bishi de Yanshen* ('A Compelling Gaze'), 390 pp, paperback, 978 7 108 026361.

suspicion, resisted the interpretative power of the imperialist invaders, Zhang argued—not only the US troops, but also the photographers.

This may stand as an example of the general critical orientation of these texts: the aim is to interpret the ‘compelling gaze’ veiled by the dominant culture. Although these pieces deal with different arts and forms, there is a shared perspective: images, shapes and rhythms do not simply carry aesthetic values, but may also reveal the social relations of specific historical contexts. *Dushu*’s authors ask: who is speaking, how, and of what; who listens or watches? Their questions illuminate the assumptions, repressions or rebellions that inform works of art. There are discussions of China’s new documentary movement, Soviet architecture, Bauhaus design, sculpture during the revolutionary period, Zhang Yimou’s movie *Not One Less*, Jia Zhangke’s *The World*, contemporary Taiwanese film, music during the Cultural Revolution and in contemporary China.

A good example is Lü Xinyu’s 2004 review of *West of the Tracks*, the epic documentary on the decline of heavy industry in Northeast China.⁹ Starting from a vivid description of key scenes and an analysis of the narrative art of the documentary, Lü proposes a far-reaching historical analysis of the emergence and decline of Chinese working-class consciousness. Criticizing orthodox Marxism, she emphasizes the importance of the alliance between peasants and workers: in a semi-colonial country like China, peasants made up the major force of the revolution; the first generation of heavy-industrial workers (the ‘leading class’) also came from peasant backgrounds. Today, both workers and peasants have been tragically marginalized; Lü implies that an alliance between the two will be necessary for the liberation of each. Her theorization is illustrated by an in-depth analysis of the documentary. Not all the writers would concur with Lü’s radical perspective; many share the theoretical approaches of their Western peers, including post-colonialism, feminism and Said’s critique of orientalism. Nor are these theories all of recent import: *Dushu*’s first encounters with Foucault date back to the mid-80s. But at that point it was still a question of introducing new concepts. ‘A Compelling Gaze’ shows to what extent these have now been assimilated by the Chinese intelligentsia.

⁹ A shorter version was published in English under the title ‘Ruins of the Future’, NLR 31, Jan–Feb 2005.

Pantheon

It is the fifth volume of this collection, 'Not Only for Commemoration', that best preserves a continuity with the old *Dushu*.¹⁰ It carries on the tradition of portraits, memoirs and biographies of scholars and intellectuals for which the journal has long been famous. Among those discussed here are Liang Qichao (1873–1929), one of the leading thinkers of the Hundred Days' Reform of 1898; the educationalist Cai Yuanpei (1868–1940); Chen Duxiu (1879–1942), the founding intellectual of the CCP and editor of *New Youth*; the Confucianist Gu Hongming (1857–1928); the classical Chinese historian Chen Yinke (1890–1969); the Marxist historiographer Jian Bozan (1898–1968); the philosopher Feng Youlan (1895–1990) and the writer Wang Xiaobo (1952–97). There is also a useful discussion of the intellectual community at the Southwestern United University between 1938–46, when the three main universities from the north were evacuated to escape the Japanese invasion.

Interestingly, however, the two major thinkers of the first half of the 20th century, Lu Xun (1881–1936) and Hu Shi (1891–1962), are missing from this volume, despite the fact that *Dushu* published quite a few articles about them during this period. No explanation is given by the volume's editor, Wu Bin. (It should be noted that, while Wang Hui and Huang Ping are the chief editors of *Essentials of Dushu*, there are individual editors for some of the volumes; 'Not Only for Commemoration' was put together by Wu Bin, who became *Dushu*'s chief editor after Wang and Huang's dismissal.) This silence is strange, but not totally incomprehensible. In contemporary China, Lu Xun is the hero of left-wing intellectuals, while the right champions Hu Shi; research on both thinkers has been highly sophisticated. Had both Hu Shi and Lu Xun been included, sensitive readers might have calculated how much weight had been given to each. It is hard to reckon the historical significance of two such complex figures in a single essay without incurring heated intellectual or political disagreement; it may therefore have seemed safer to leave both out of the picture.

Dushu's interest in narrating the life of intellectuals can be dated back to its late 70s origins. At that time, when the experience of the Cultural

¹⁰ *Dushu Jing Xuan*, vol. v, *Bujin Weile Jinian* ('Not Only for Commemoration'), 579 pp, paperback, 978 7 108 026309.

Revolution was still fresh, such portraits were often tinted with the memory of political trauma and informed by the longing for autonomous individual space. They were generally written by poets and literary scholars as well as distinguished CCP intellectuals, and composed to a very high standard. *Dushu* was famous for this genre in the 1980s; no other journal published such pieces at a comparable level. The series played an important role in shaping the collective consciousness of the new intelligentsia.

During the decade 1996–2005, the biographical genre remained a significant component of the journal, but not as salient as before. One important reason for this lies in the wider social changes that have taken place since the 1980s. The intelligentsia has risen from being a vulnerable component of the socialist working class to a high position in the hierarchy of post-socialist society; the traumas of the revolutionary period have been left behind. This is the background that needs to be kept in mind when reading this volume, for it does not directly reflect this change of ethos. The articles are still written in elegant prose and in most cases the contributors are highly sympathetic to the thinkers they commemorate: critical assessments are relatively rare. The genre still serves to create an intellectual ‘pantheon’, a museum of exemplars, through which contemporary identities and commitments may be compared, assessed or affirmed.

Conversations

The final volume, ‘To Be Together with *Dushu*’, brings together the most important debates that the journal has hosted over the past decade.¹¹ It covers a wide range of issues: archaeology and Chinese historiography, the contemporary image of rural China, globalization, law, university reform, feminism, the environment, war and terrorism, etc. Some of the texts are transcripts of symposia organized by *Dushu*; others are clusters of articles on the same theme. Volume Six gives a good sense of the extent to which *Dushu* set the agenda for debate in an age of dramatic change. Most topics are fairly specialized, yet they share a common orientation: to deconstruct the codified image of modernity underpinned by West-centrism and linear history; to understand the dynamic of Chinese

¹¹ *Dushu Jing Xuan*, vol. VI, *Dushu Xianchang* (‘To Be Together with *Dushu*’), 469 pp, paperback, 978 7 108 026255.

history and contemporary practice; and to explore the possibility of democracy, equality and justice in the current context.

Included here is *Dushu's* important intervention in the controversies around market-driven reform proposals for Beijing University. A 2003 plan, drafted by an economist, aimed to introduce the principle of competition, encouraging departments to hire overseas rather than domestic scholars, and quantifying the evaluation system to replicate American academic norms. It was vehemently criticized by scholars in the humanities and social sciences. *Dushu's* symposium on the proposals raised the discussion to a new level. It brought together leading scholars from Beijing and elsewhere to argue the case for the university as an institution for the pursuit of intellectual freedom and innovation, and to question the bias of the economists behind the proposal.

In 2005, *Dushu* organized a further symposium on the crisis of traditional Chinese medicine within the national health system, which brought together famous scholars and physicians in traditional medicine, including Lu Guangxin from the China Academy of Chinese Medical Sciences and Cao Dongyi from the Hebei Academy of Chinese Medical Sciences, and other scientists, among them the chemist Zhu Qingshi from the China University of Sciences and Technology, together with humanities scholars such as the legal theorist, Deng Zhenglai. The discussion covered both policy issues and the different epistemological and methodological foundations of Western and Chinese medicine, defending the latter against claims that it is 'unscientific'. It was also argued that Chinese medicine, far cheaper than its Western equivalents, could expand the coverage of the national health system. Implicitly at stake here is China's tumultuous recent history. During the Cultural Revolution, Mao Zedong encouraged traditional medicine and used it to build up a relatively successful healthcare system. After the past two decades of market reform, however, medical care has become too expensive for ordinary people to afford. Although the speakers did not make such an explicit comparison, readers were left to consider the implications of the debate and to evaluate for themselves the importance of China's socialist legacy. *Dushu's* role was once again to bring together high levels of professional knowledge and critical intellectual reflection to inform the public discussion. Again, 'To Be Together with *Dushu*' includes a

selection of international interlocutors, including Habermas, Derrida, Perry Anderson, Mark Selden, Michael Hardt and Antonio Negri.

Not all the overseas authors who appeared in *Dushu* during Wang and Huang's editorship are included in these six volumes. Alasdair MacIntyre and Immanuel Wallerstein are two contributors who are not represented here. The reason may be that the selected topics leave no margin for debates on virtue and community, or on the history of the social sciences; perhaps the editors judged that *Dushu's* treatment of these questions was not mature enough for inclusion. However, some important topics broached during this decade have clearly been left out on other grounds. One example is *Dushu's* very influential discussion on Che Guevara. In 1998 the journal published a commemoration of Che by the Latin Americanist, Suo Sa, which was the direct inspiration for a play by Huang Jisu and Zhang Guangtian, performed in 2000. Both Suo Sa's article and the *Che Guevara* play provoked intense debate among the Chinese intelligentsia: some considered this a retrogressive evocation of a revolutionary past that had been correctly eschewed by contemporary China; for others, it was a welcome revindication of the struggle for liberation. *Dushu* published several articles from different standpoints, debating the implications of this political symbol within the current context. It would have been very useful to have included these texts in the *Essentials of Dushu*, either in 'Reconstructing Our Image of the World', or in 'A Compelling Gaze'. They provide a good picture of how Chinese intellectuals view the country's revolutionary legacy and the contemporary shift away from it. The editors may have had their own concerns, political or technical, on this subject; but from a reader's perspective, these articles would certainly have added to the value of the selection.

Other politically sensitive pieces have also been left out, including the most controversial article published during this period, 'Writing History: Gao Village', by the sociologist Gao Mobo. The text explored the impact of the Cultural Revolution on the village's development and posed the question: who is dominating the narrative of the Cultural Revolution? *Dushu* published the piece with the aim of opening up plural perspectives on the GPCR and expected to create some debate. But 'Gao Village' was seen as challenging the political consensus between intellectuals and party bureaucrats since the 1980s that the Cultural Revolution had been a complete disaster. Ironically, it was not bureaucrats but liberal

intellectuals who first detected a dangerous whiff, and who wrote, not to criticize Gao's scholarship, but to charge him with 'political incorrectness'.¹² Bureaucratic censors then intervened to forbid further discussion on the topic in *Dushu*. The clear implication is that it was impossible for 'Gao Village' to be included in the *Essentials* collection: the legitimacy of the market-reform era is, to a perhaps surprisingly large extent, based on a negative verdict on the Cultural Revolution; apparently, even a mildly positive picture of that period may seriously threaten to undermine it.

Critical context

Despite these shortcomings, the six-volume *Essentials of Dushu* is still a remarkable collection. The thematic arrangement allows these books to present a more orderly reflection of the journal's intellectual and political orientation during this period. While the authors come from a variety of different political viewpoints, the editors' response to China's current path of development is apparent from the overall agenda. For those who cling to a belief in the virtues of free-market modernization (or its variants), however, the questions that *Dushu* raises inevitably cause offence: within the journal's ambit, the codified criteria of modernization fall apart. Instead of the global market, freedom, democracy, human rights and the sciences going hand in hand, there can be serious conflicts of interest between them. The unitary path of modernization, modelled on the experiences of the West, is no longer viewed as the appropriate prescription for China's pathology. In the 1980s, intellectuals often used this model to criticize both the stagnation of the Chinese Empire and the destructive violence of the Revolution; but such a critique was generally marginalized in *Dushu* under Wang and Huang. The focus shifted to reflections on imperialism, colonialism, the socio-political conditions of the market, and the dynamism of Chinese history. For those who still hold fast to the old consensus, it has been pretty unpleasant to recognize that *Dushu's* agenda-setting power was no longer in their hands.

With this background in mind, it is not difficult to understand why some intellectuals celebrated the end of *Dushu's* 'Wang and Huang era'. Some have openly charged Wang with being against modernization and therefore a 'reactionary', who led *Dushu* in the wrong direction. Others, aware

¹² See the newspaper, *Nanfang Zhoumo* (Southern Weekend), 29 March 2001.

that modernization theory is an outdated paradigm even in the West, expressed their discontent more indirectly, on non-political grounds: *Dushu* under Wang and Huang has deviated from its elegant prose tradition and become too obscure to read; it is no longer the 'common space' or 'spiritual home' for the whole intelligentsia. To what extent is this true? As noted, it is the fifth volume, 'Not Only for Commemoration', that contains the most elegantly crafted literary pieces. There is much fine writing in the other volumes, too, signalling the editors' intention to maintain *Dushu*'s past style. However, the substance of some of these articles means that they can hardly avoid using the vocabulary necessary to respond to contemporary social, economic and political problems. Unlike the memoirs, these pieces tend to be analytical, and are often quite theoretical.

Again, this change in style needs to be understood with reference to the disciplinary differentiation that has taken place in China over the past decade. In the 1980s, intellectuals read all kinds of books without much consciousness of disciplinary boundaries; by the 1990s, the latter could no longer be ignored. Compared to literature, the new social sciences appeared to have a much higher knowledge threshold: the language of economics can be forbidding to a lay reader and there were many newly translated terms. Consequently, it has been hard to maintain the same level of literary elegance. In the recent debate, critics of Wang and Huang have interpreted this stylistic difference as symptomatic of the two editors' break from *Dushu*'s classical prose tradition. In fact, the complaint about readability was first made in the mid-1980s, when *Dushu* began to introduce Western theories. To keep up with the rapid intellectual changes of the time inevitably taxed old reading habits. But there is also the undeniable factor of generational difference: most intellectuals of Wang and Huang's generation did not receive a systematic education in the Chinese classics, which had been abolished after 1949. Some older intellectuals, like Fei Xiaotong, attended universities in the West, but because they had a thorough training in the classics before they went overseas, they were still able to write in elegant Chinese. The younger generation does not have that background to counterbalance the sudden influence of Western languages. But this is a structural constraint, within which the editors are obliged to labour. On the evidence of these volumes, it seems more accurate to say that Wang and Huang tried their best to make the journal more readable without lapsing into a populist style. *Dushu* rarely publishes highly specialized research

papers, and encourages scholars to write in ways that will be comprehensible to the general reader. Analytical articles tend to be balanced by memoirs or other short pieces.

Quietism?

A further form of criticism has also been voiced by liberal Chinese intellectuals, most forthrightly by those outside the PRC: that although *Dushu* has taken a strong line against the CCP's inequalitarian neo-liberal economic policies, the journal has been much more cautious in advancing a political critique of the repressive character of the government. From the perspective of these critics, the first task of the intelligentsia should be to fight for intellectual autonomy from the regime. Unfortunately, while all may agree in principle on the desirability of such autonomy, even some of those now calling for it still seem to have the regime-centred mentality of inviting the bureaucracy to strike down their intellectual opponents. *Dushu* appears to have been a victim of this type of approach.

On the broader question at stake, it is quite true that Wang and Huang's editorship was in some respects politically cautious: the exclusions—Che, 'Gao Village'—from *The Essentials of Dushu*, noted above, are further illustrations of this. However, it would be wrong to say that Wang and Huang's *Dushu* has played no part in the critique of autocracy. The powerful liberal critic Qin Hui, for example (interviewed in NLR 20), has been an active contributor to the journal under their editorship and his work is included in the selection, as are texts by prominent liberals such as Qian Liqun (a historian of Chinese literature), He Qinglian (a reporter, now a political exile), Xu Ben (a US-based writer working on Hannah Arendt) and the late Li Shen zhi. After Wang and Huang's dismissal, Qian Liqun announced his regret in a symposium and called for intellectuals to unite in the struggle for free speech.

To summarize here inevitably involves flattening a highly variegated intellectual landscape: there are many subtleties and overlaps at play in this debate, which happily far exceeds the 'new left versus liberalism' label applied to it in the late 1990s. But it would be fair to say that Wang and Huang's *Dushu* has focused principally on exposing the political-economic logic of the alliance between capital and the oppressive-developmental state. Many of the journal's critics believe that the state is problematic, but capital is fine. From their perspective,

therefore, *Dushu* has criticized capital too much, the state too little; this is the source of that line of argument.

The notion that *Dushu* was once known as the 'common home' for the entire Chinese intelligentsia is also a recent construction. As noted above, in the 1980s, *Dushu* was not the only platform for discussion, and quite a few other journals were equally influential. But here again, the relationship of the intelligentsia to changes in the wider society has to be taken into account. The 1980s consensus on modernization has broken down, and *Dushu* can no longer be based upon it. To reiterate: the journal did continue to publish articles by authors of different persuasions, including the free-market economists who answered He Qinglian's charges. The point that rankles among such critics, perhaps, is not that pro-market writers cannot be published in *Dushu*, but rather that over the past decade they have not been able to set its agenda.

A questioning voice

One might argue that Wang and Huang could have done more to accommodate the taste of those who held fast to the previous consensus. Nevertheless, it is doubtful that *Dushu* would have been able to maintain the image of a 'golden age' without sacrificing its critical quality, in the context of the wider intellectual polarization. For the past ideological consensus relied upon some irretrievable conditions: first, the unprecedented unity between Party bureaucrats and intellectuals brought about by the fresh memories of the Cultural Revolution; second, the undifferentiated interest structure of Chinese society. Today, a large section of the workers and peasants who have been marginalized by China's current path would themselves no longer subscribe to this ideological consensus. In this context, for *Dushu* to continue to operate according to 1980s values would inevitably mean losing sight of contemporary changes. It is in this situation that *Dushu* has chosen not to maintain the impossible 'unity' of the intellectual class, but to raise new questions for the whole society.

In fact, many of the issues *Dushu* has raised have become matters of common concern and even influenced public policy. The 'efficiency first' doctrine was officially revised in 2004, and sustainable development was given greater formal salience under the party's new slogan, 'scientific development'. Expenditure on health and social security has been

increased, as have budgets for rural infrastructure; agricultural tax has been abolished. This is not to say that the growth in social disparities has been curbed, let alone halted. In many instances, local governments resist or sabotage social policies; for these officials, GDP growth is the most important indicator for their promotion through the bureaucratic system. This turns local government into a profiteering machine. Although top leaders may want to change this, many vested interest groups have come into being in local society, where administrative power and capital go hand in hand. In this situation, social policies can at the most ameliorate the ills of the development path but cannot cure them. Nevertheless, it would be fair to say that the dangers of social inequality have been more widely recognized, and the former priests of the 'efficiency first' doctrine are no longer considered unassailable. In Chinese cyberspace, neo-liberals are fiercely charged with having mismanaged reforms, resulting in enormous social inequality. The glowing image of the capitalist global market and political order has been brought into question, especially since China's exports have encountered trade protectionism in the US and Europe in recent years. This has enabled many people to see that the world is not flat. Liberals now tend to clarify that they are not neo-liberals, and tend to take social justice more seriously in what they write. It would be wrong to ignore the impact of *Dushu*'s persistent work on all this.

But these changes do not heal the existing cleavage in the Chinese intelligentsia; this is, if anything, deepening. The form of Wang and Huang's dismissal may seem to be non-political; but strictly speaking, it is a depoliticized political process. The technical pretext used by the SDX Publishing Company does not hold water. The true reason must lie elsewhere. Most intellectuals in China have no difficulty in figuring out the political implication of this sudden change. As a state-owned enterprise, SDX is affiliated to the China Publishing Group, which is further supervised by the Central Propaganda Department of the CCP. Bureaucrats have a strong incentive to tame this 'trouble-making' journal; for although *Dushu*'s style is very moderate, the ideas it spreads could potentially be dangerous, and neo-liberal intellectuals have long spoken ill of it. We may never know what was going on in the black box; but even before SDX made the announcement, liberal newspapers had spread the news that *Dushu* was to replace its chief editors, and some of its critics had already begun to celebrate their victory.

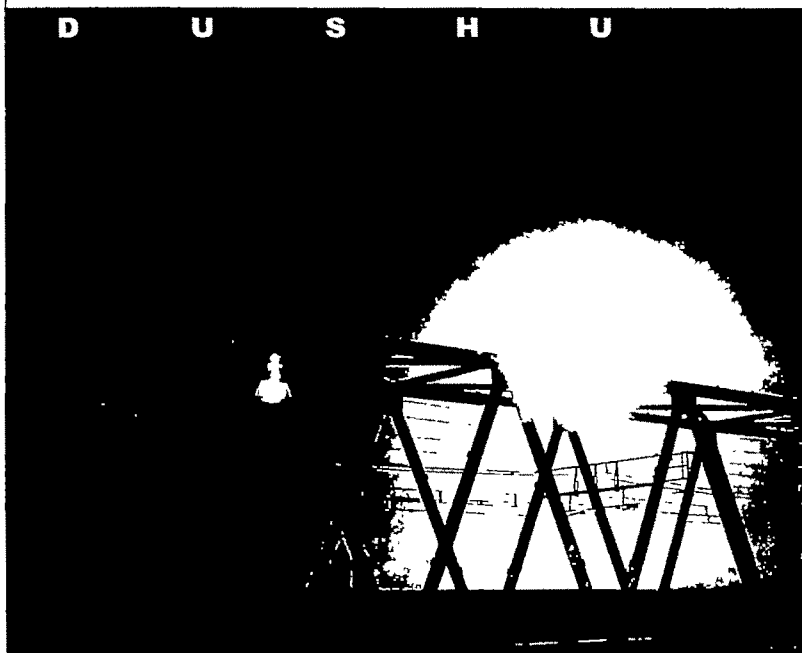
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The cover of Dushu's April 2007 issue. Contents: Xu Baoqiang, 'The Nature of Free Competition'; Zhou Bo, 'Design for the People'; Su Li, 'Judicial Insights in Ancient China'; Liu Xiaofeng, 'Warrior Family Precepts in Japan'; Li Minghuan, 'Women in Migration'; Kong Gaofeng, 'The 21st Century: Still American?'; Su Guoxun, 'Reflections on Sociology Classics'.



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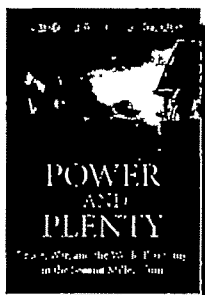
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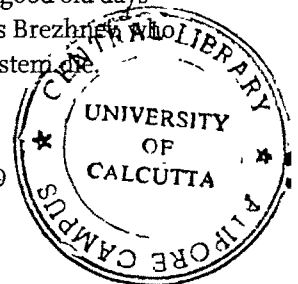
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ALAIN BADIOU

THE COMMUNIST HYPOTHESIS

THERE WAS A tangible sense of depression in the air in France in the aftermath of Sarkozy's victory.¹ It is often said that unexpected blows are the worst, but expected ones sometimes prove debilitating in a different way. It can be oddly dispiriting when an election is won by the candidate who has led in the opinion polls from the start, just as when the favourite horse wins the race; anyone with the slightest feeling for a wager, a risk, an exception or a rupture would rather see an outsider upset the odds. Yet it could hardly have been the bare fact of Nicolas Sarkozy as President that seemed to come as such a disorientating blow to the French left in the aftermath of May 2007. Something else was at stake—some complex of factors for which 'Sarkozy' is merely a name. How should it be understood?

An initial factor was the way in which the outcome affirmed the manifest powerlessness of any genuinely emancipatory programme within the electoral system: preferences are duly recorded, in the passive manner of a seismograph, but the process is one that by its nature excludes any embodiments of dissenting political will. A second component of the left's depressive disorientation after May 2007 was an overwhelming bout of historical nostalgia. The political order that emerged from World War Two in France—with its unambiguous referents of 'left' and 'right', and its consensus, shared by Gaullists and Communists alike, on the balance-sheet of the Occupation, Resistance and Liberation—has now collapsed. This is one reason for Sarkozy's ostentatious dinners, yachting holidays and so on—a way of saying that the left no longer frightens anyone: *Vivent les riches*, and to hell with the poor. Understandably, this may fill the sincere souls of the left with nostalgia for the good old days—Mitterrand, De Gaulle, Marchais, even Chirac, Gaullism's Brezhnev—who knew that to do nothing was the easiest way to let the system die.



Sarkozy has now finally finished off the cadaverous form of Gaullism over which Chirac presided. The Socialists' collapse had already been anticipated in the rout of Jospin in the presidential elections of 2002 (and still more by the disastrous decision to embrace Chirac in the second round). The present decomposition of the Socialist Party, however, is not just a matter of its political poverty, apparent now for many years, nor of the actual size of the vote—47 per cent is not much worse than its other recent scores. Rather, the election of Sarkozy appears to have struck a blow to the entire symbolic structuring of French political life: the system of orientation itself has suffered a defeat. An important symptom of the resulting disorientation is the number of former Socialist placemen rushing to take up appointments under Sarkozy, the centre-left opinion-makers singing his praises; the rats have fled the sinking ship in impressive numbers. The underlying rationale is, of course, that of the single party: since all accept the logic of the existing capitalist order, market economy and so forth, why maintain the fiction of opposing parties?

A third component of the contemporary disorientation arose from the outcome of the electoral conflict itself. I have characterized the 2007 presidential elections—pitting Sarkozy against Royal—as the clash of two types of fear. The first is the fear felt by the privileged, alarmed that their position may be assailable. In France this manifests itself as fear of foreigners, workers, youth from the *banlieue*, Muslims, black Africans. Essentially conservative, it creates a longing for a protective master, even one who oppresses and impoverishes you further. The current embodiment of this figure is, of course, the over-stimulated police chief: Sarkozy. In electoral terms, this is contested not by a resounding affirmation of self-determining heterogeneity, but by the fear of this fear: a fear, too, of the cop figure, whom the petit-bourgeois socialist voter neither knows nor likes. This 'fear of the fear' is a secondary, derivative emotion, whose content—beyond the sentiment itself—is barely detectable; the Royal camp had no concept of any alliance with the excluded or oppressed; the most it could envisage was to reap the dubious benefits of fear. For both sides, a total consensus reigned on Palestine, Iran, Afghanistan (where French forces are fighting), Lebanon (ditto), Africa (swarming with French military 'administrators'). Public discussion of alternatives on these issues was on neither party's agenda.

¹ This is an edited extract from *De quoi Sarkozy est-il le nom?*, *Circonstances*, 4, Nouvelles Éditions Lignes, Paris 2007; to be published in English by Verso as *What Do We Mean When We Say 'Sarkozy'?* in 2008.

The conflict between the primary fear and the 'fear of the fear' was settled in favour of the former. There was a visceral reflex in play here, very apparent in the faces of those partying over Sarkozy's victory. For those in the grip of the 'fear of the fear' there was a corresponding negative reflex, flinching from the result: this was the third component of 2007's depressive disorientation. We should not underestimate the role of what Althusser called the 'ideological state apparatus'—increasingly through the media, with the press now playing a more sophisticated part than TV and radio—in formulating and mobilizing such collective sentiments. Within the electoral process there has, it seems, been a weakening of the real; a process even further advanced with regard to the secondary 'fear of the fear' than with the primitive, reactionary one. We react, after all, to a real situation, whereas the 'fear of the fear' merely takes fright at the scale of that reaction, and is thus at a still further remove from reality. The vacuity of this position manifested itself perfectly in the empty exaltations of Ségolène Royal.

Electoralism and the state

If we posit a definition of politics as 'collective action, organized by certain principles, that aims to unfold the consequences of a new possibility which is currently repressed by the dominant order', then we would have to conclude that the electoral mechanism is an essentially apolitical procedure. This can be seen in the gulf between the massive formal imperative to vote and the free-floating, if not non-existent nature of political or ideological convictions. It is good to vote, to give a form to my fears; but it is hard to believe that what I am voting *for* is a good thing in itself. This is not to say that the electoral-democratic system is repressive *per se*; rather, that the electoral process is incorporated into a state form, that of capitalo-parliamentarianism, appropriate for the maintenance of the established order, and consequently serves a conservative function. This creates a further feeling of powerlessness: if ordinary citizens have no handle on state decision-making save the vote, it is hard to see what way forward there could be for an emancipatory politics.

If the electoral mechanism is not a political but a state procedure, what does it achieve? Drawing on the lessons of 2007, one effect is to incorporate both the fear and the 'fear of the fear' into the state—to invest the state with these mass-subjective elements, the better to legitimate it as an object of fear in its own right, equipped for terror and coercion.

For the world horizon of democracy is increasingly defined by war. The West is engaged on an expanding number of fronts: the maintenance of the existing order with its gigantic disparities has an irreducible military component; the duality of the worlds of rich and poor can only be sustained by force. This creates a particular dialectic of war and fear. Our governments explain that they are waging war abroad in order to protect us from it at home. If Western troops do not hunt down the terrorists in Afghanistan or Chechnya, they will come over here to organize the resentful rabble outcasts.

Strategic neo-Pétainism

In France, this alliance of fear and war has classically gone by the name of Pétainism. The mass ideology of Pétainism—responsible for its widespread success between 1940 and 1944—rested in part on the fear generated by the First World War: Marshal Pétain would protect France from the disastrous effects of the Second, by keeping well out of it. In the Marshal's own words, it was necessary to be more afraid of war than of defeat. The vast majority of the French accepted the relative tranquillity of a consensual defeat and most got off fairly lightly during the War, compared to the Russians or even the English. The analogous project today is based on the belief that the French need simply to accept the laws of the US-led world model and all will be well: France will be protected from the disastrous effects of war and global disparity. This form of neo-Pétainism as a mass ideology is effectively on offer from both parties today. In what follows, I will argue that it is a key analytical element in understanding the disorientation that goes by the name of 'Sarkozy'; to grasp the latter in its overall dimension, its historicity and intelligibility, requires us to go back to what I will call its Pétainist 'transcendental'.²

I am not saying, of course, that circumstances today resemble the defeat of 1940, or that Sarkozy resembles Pétain. The point is a more formal one: that the unconscious national-historical roots of that which goes by the name of Sarkozy are to be found in this Pétainist configuration, in which the disorientation itself is solemnly enacted from the

² See my *Logiques des mondes*, Paris 2006 for a full development of the concept of 'transcendentals' and their function, which is to govern the order of appearance of multiplicities within a world.

summit of the state, and presented as a historical turning-point. This matrix has been a recurring pattern in French history. It goes back to the Restoration of 1815 when a post-Revolutionary government, eagerly supported by émigrés and opportunists, was brought back in the foreigners' baggage-train and declared, with the consent of a worn-out population, that it would restore public morality and order. In 1940, military defeat once again served as the context for the disorientating reversal of the real content of state action: the Vichy government spoke incessantly of the 'nation', yet was installed by the German Occupation; the most corrupt of oligarchs were to lead the country out of moral crisis; Pétain himself, an ageing general in the service of property, would be the embodiment of national rebirth.

Numerous aspects of this neo-Pétainist tradition are in evidence today. Typically, capitulation and servility are presented as invention and regeneration. These were central themes of Sarkozy's campaign: the Mayor of Neuilly would transform the French economy and put the country back to work. The real content, of course, is a politics of continuous obedience to the demands of high finance, in the name of national renewal. A second characteristic is that of decline and 'moral crisis', which justifies the repressive measures taken in the name of regeneration. Morality is invoked, as so often, in place of politics and against any popular mobilization. Appeal is made instead to the virtues of hard work, discipline, the family: 'merit should be rewarded'. This typical displacement of politics by morality has been prepared, from the 1970s 'new philosophers' onwards, by all who have laboured to 'moralize' historical judgement. The object is in reality political: to maintain that national decline has nothing to do with the high servants of capital but is the fault of certain ill-intentioned elements of the population—currently, foreign workers and young people from the *banlieue*.

A third characteristic of neo-Pétainism is the paradigmatic function of foreign experience. The example of correction always comes from abroad, from countries that have long overcome their moral crises. For Pétain, the shining examples were Mussolini's Italy, Hitler's Germany and Franco's Spain: leaders who had put their countries back on their feet. The political aesthetic is that of imitation: like Plato's demiurge, the state must shape society with its eyes fixed on foreign models. Today, of course, the examples are Bush's America and Blair's Britain.

A fourth characteristic is the notion that the source of the current crisis lies in a disastrous past event. For the proto-Pétainism of the 1815 Restoration, this was of course the Revolution and the beheading of the King. For Pétain himself in 1940 it was the Popular Front, the Blum government and above all the great strikes and factory occupations of 1936. The possessing classes far preferred the German Occupation to the fear which these disorders had provoked. For Sarkozy, the evils of May 68—forty years ago—have been constantly invoked as the cause of the current ‘crisis of values’. Neo-Pétainism provides a usefully simplified reading of history that links a negative event, generally with a working-class or popular structure, and a positive one, with a military or state structure, as a solution to the first. The arc between 1968 and 2007 can thus be offered as a source of legitimacy for the Sarkozy government, as the historic actor that will finally embark on the correction needed in the wake of the inaugural damaging event. Finally, there is the element of racism. Under Pétain this was brutally explicit: getting rid of the Jews. Today it is voiced in a more insinuating fashion: ‘we are not an inferior race’—the implication being, ‘unlike others’; ‘the true French need not doubt the legitimacy of their country’s actions’—in Algeria and elsewhere. In the light of these criteria, we can therefore point: the disorientation that goes by the name of ‘Sarkozy’ may be analysed as the latest manifestation of the Pétainist transcendental.

The spectre

At first sight there may seem something strange about the new President’s insistence that the solution to the country’s moral crisis, the goal of his ‘renewal’ process, was ‘to do away with May 68, once and for all’. Most of us were under the impression that it was long gone anyway. What is haunting the regime, under the name of May 68? We can only assume that it is the ‘spectre of communism’, in one of its last real manifestations. He would say (to give a Sarkozian prosopopoeia): ‘We refuse to be haunted by anything at all. It is not enough that empirical communism has disappeared. We want all possible forms of it banished. Even the hypothesis of communism—generic name of our defeat—must become unmentionable.’

What is the communist hypothesis? In its generic sense, given in its canonic *Manifesto*, ‘communist’ means, first, that the logic of class—the fundamental subordination of labour to a dominant class, the

arrangement that has persisted since Antiquity—is not inevitable; it can be overcome. The communist hypothesis is that a different collective organization is practicable, one that will eliminate the inequality of wealth and even the division of labour. The private appropriation of massive fortunes and their transmission by inheritance will disappear. The existence of a coercive state, separate from civil society, will no longer appear a necessity: a long process of reorganization based on a free association of producers will see it withering away.

‘Communism’ as such denotes only this very general set of intellectual representations. It is what Kant called an Idea, with a regulatory function, rather than a programme. It is foolish to call such communist principles utopian; in the sense that I have defined them here they are intellectual patterns, always actualized in a different fashion. As a pure Idea of equality, the communist hypothesis has no doubt existed since the beginnings of the state. As soon as mass action opposes state coercion in the name of egalitarian justice, rudiments or fragments of the hypothesis start to appear. Popular revolts—the slaves led by Spartacus, the peasants led by Müntzer—might be identified as practical examples of this ‘communist invariant’. With the French Revolution, the communist hypothesis then inaugurates the epoch of political modernity.

What remains is to determine the point at which we now find ourselves in the history of the communist hypothesis. A fresco of the modern period would show two great sequences in its development, with a forty-year gap between them. The first is that of the setting in place of the communist hypothesis; the second, of preliminary attempts at its realization. The first sequence runs from the French Revolution to the Paris Commune; let us say, 1792 to 1871. It links the popular mass movement to the seizure of power, through the insurrectional overthrow of the existing order; this revolution will abolish the old forms of society and install ‘the community of equals’. In the course of the century, the formless popular movement made up of townsfolk, artisans and students came increasingly under the leadership of the working class. The sequence culminated in the striking novelty—and radical defeat—of the Paris Commune. For the Commune demonstrated both the extraordinary energy of this combination of popular movement, working-class leadership and armed insurrection, and its limits: the *communards* could neither establish the revolution on a national footing nor defend it against the foreign-backed forces of the counter-revolution.

The second sequence of the communist hypothesis runs from 1917 to 1976: from the Bolshevik Revolution to the end of the Cultural Revolution and the militant upsurge throughout the world during the years 1966–75. It was dominated by the question: how to win? How to hold out—unlike the Paris Commune—against the armed reaction of the possessing classes; how to organize the new power so as to protect it against the onslaught of its enemies? It was no longer a question of formulating and testing the communist hypothesis, but of realizing it: what the 19th century had dreamt, the 20th would accomplish. The obsession with victory, centred around questions of organization, found its principal expression in the ‘iron discipline’ of the communist party—the characteristic construction of the second sequence of the hypothesis. The party effectively solved the question inherited from the first sequence: the revolution prevailed, either through insurrection or prolonged popular war, in Russia, China, Czechoslovakia, Korea, Vietnam, Cuba, and succeeded in establishing a new order.

But the second sequence in turn created a further problem, which it could not solve using the methods it had developed in response to the problems of the first. The party had been an appropriate tool for the overthrow of weakened reactionary regimes, but it proved ill-adapted for the construction of the ‘dictatorship of the proletariat’ in the sense that Marx had intended—that is, a temporary state, organizing the transition to the non-state: its dialectical ‘withering away’. Instead, the party-state developed into a new form of authoritarianism. Some of these regimes made real strides in education, public health, the valorization of labour, and so on; and they provided an international constraint on the arrogance of the imperialist powers. However, the statist principle in itself proved corrupt and, in the long run, ineffective. Police coercion could not save the ‘socialist’ state from internal bureaucratic inertia; and within fifty years it was clear that it would never prevail in the ferocious competition imposed by its capitalist adversaries. The last great convulsions of the second sequence—the Cultural Revolution and May 68, in its broadest sense—can be understood as attempts to deal with the inadequacy of the party.

Interludes

Between the end of the first sequence and the beginning of the second there was a forty-year interval during which the communist hypothesis

was declared to be untenable: the decades from 1871 to 1914 saw imperialism triumphant across the globe. Since the second sequence came to an end in the 1970s we have been in another such interval, with the adversary in the ascendant once more. What is at stake in these circumstances is the eventual opening of a new sequence of the communist hypothesis. But it is clear that this will not be—cannot be—the continuation of the second one. Marxism, the workers' movement, mass democracy, Leninism, the party of the proletariat, the socialist state—all the inventions of the 20th century—are not really useful to us any more. At the theoretical level they certainly deserve further study and consideration; but at the level of practical politics they have become unworkable. The second sequence is over and it is pointless to try to restore it.

At this point, during an interval dominated by the enemy, when new experiments are tightly circumscribed, it is not possible to say with certainty what the character of the third sequence will be. But the general direction seems discernible: it will involve a new relation between the political movement and the level of the ideological—one that was prefigured in the expression 'cultural revolution' or in the May 68 notion of a 'revolution of the mind'. We will still retain the theoretical and historical lessons that issued from the first sequence, and the centrality of victory that issued from the second. But the solution will be neither the formless, or multi-form, popular movement inspired by the intelligence of the multitude—as Negri and the alter-globalists believe—nor the renewed and democratized mass communist party, as some of the Trotskyists and Maoists hope. The (19th-century) movement and the (20th-century) party were specific modes of the communist hypothesis; it is no longer possible to return to them. Instead, after the negative experiences of the 'socialist' states and the ambiguous lessons of the Cultural Revolution and May 68, our task is to bring the communist hypothesis into existence in another mode, to help it emerge within new forms of political experience. This is why our work is so complicated, so experimental. We must focus on its conditions of existence, rather than just improving its methods. We need to re-install the communist hypothesis—the proposition that the subordination of labour to the dominant class is not inevitable—within the ideological sphere.

What might this involve? Experimentally, we might conceive of finding a point that would stand outside the temporality of the dominant order and what Lacan once called 'the service of wealth'. Any point, so long

as it is in formal opposition to such service, and offers the discipline of a universal truth. One such might be the declaration: 'There is only one world'. What would this imply? Contemporary capitalism boasts, of course, that it has created a global order; its opponents too speak of 'alter-globalization'. Essentially, they propose a definition of politics as a practical means of moving from the world as it is to the world as we would wish it to be. But does a single world of human subjects exist? The 'one world' of globalization is solely one of things—objects for sale—and monetary signs: the world market as foreseen by Marx. The overwhelming majority of the population have at best restricted access to this world. They are locked out, often literally so.

The fall of the Berlin Wall was supposed to signal the advent of the single world of freedom and democracy. Twenty years later, it is clear that the world's wall has simply shifted: instead of separating East and West it now divides the rich capitalist North from the poor and devastated South. New walls are being constructed all over the world: between Palestinians and Israelis, between Mexico and the United States, between Africa and the Spanish enclaves, between the pleasures of wealth and the desires of the poor, whether they be peasants in villages or urban dwellers in *favelas*, *banlieues*, estates, hostels, squats and shantytowns. The price of the supposedly unified world of capital is the brutal division of human existence into regions separated by police dogs, bureaucratic controls, naval patrols, barbed wire and expulsions. The 'problem of immigration' is, in reality, the fact that the conditions faced by workers from other countries provide living proof that—in human terms—the 'unified world' of globalization is a sham.

A performative unity

The political problem, then, has to be reversed. We cannot start from an analytic agreement on the existence of the world and proceed to normative action with regard to its characteristics. The disagreement is not over qualities but over existence. Confronted with the artificial and murderous division of the world into two—a disjunction named by the very term, 'the West'—we must affirm the existence of the single world right from the start, as axiom and principle. The simple phrase, 'there is only one world', is not an objective conclusion. It is performative: we are deciding that this is how it is for us. Faithful to this

point, it is then a question of elucidating the consequences that follow from this simple declaration.

A first consequence is the recognition that all belong to the same world as myself: the African worker I see in the restaurant kitchen, the Moroccan I see digging a hole in the road, the veiled woman looking after children in a park. That is where we reverse the dominant idea of the world united by objects and signs, to make a unity in terms of living, acting beings, here and now. These people, different from me in terms of language, clothes, religion, food, education, exist exactly as I do myself; since they exist like me, I can discuss with them—and, as with anyone else, we can agree and disagree about things. But on the precondition that they and I exist in the same world.

At this point, the objection about cultural difference will be raised: 'our' world is made up of those who accept 'our' values—democracy, respect for women, human rights. Those whose culture is contrary to this are not really part of the same world; if they want to join it they have to share our values, to 'integrate'. As Sarkozy put it: 'If foreigners want to remain in France, they have to love France; otherwise, they should leave.' But to place conditions is already to have abandoned the principle, 'there is only one world of living men and women'. It may be said that we need to take the laws of each country into account. Indeed; but a law does not set a precondition for belonging to the world. It is simply a provisional rule that exists in a particular region of the single world. And no one is asked to love a law, simply to obey it. The single world of living women and men may well have laws; what it cannot have is subjective or 'cultural' preconditions for existence within it—to demand that you have to be like everyone else. The single world is precisely the place where an unlimited set of differences exist. Philosophically, far from casting doubt on the unity of the world, these differences are its principle of existence.

The question then arises whether anything governs these unlimited differences. There may well be only one world, but does that mean that being French, or a Moroccan living in France, or Muslim in a country of Christian traditions, is nothing? Or should we see the persistence of such identities as an obstacle? The simplest definition of 'identity' is the series of characteristics and properties by which an individual or a

group recognizes itself as its 'self'. But what is this 'self'? It is that which, across all the characteristic properties of identity, remains more or less invariant. It is possible, then, to say that an identity is the ensemble of properties that support an invariance. For example, the identity of an artist is that by which the invariance of his or her style can be recognized; homosexual identity is composed of everything bound up with the invariance of the possible object of desire; the identity of a foreign community in a country is that by which membership of this community can be recognized: language, gestures, dress, dietary habits, etc.

Defined in this way, by invariants, identity is doubly related to difference: on the one hand, identity is that which is different from the rest; on the other, it is that which does not become different, which is invariant. The affirmation of identity has two further aspects. The first form is negative. It consists of desperately maintaining that I am not the other. This is often indispensable, in the face of authoritarian demands for integration, for example. The Moroccan worker will forcefully affirm that his traditions and customs are not those of the petty-bourgeois European; he will even reinforce the characteristics of his religious or customary identity. The second involves the immanent development of identity within a new situation—rather like Nietzsche's famous maxim, 'become what you are'. The Moroccan worker does not abandon that which constitutes his individual identity, whether socially or in the family; but he will gradually adapt all this, in a creative fashion, to the place in which he finds himself. He will thus invent what he is—a Moroccan worker in Paris—not through any internal rupture, but by an expansion of identity.

The political consequences of the axiom, 'there is only one world', will work to consolidate what is universal in identities. An example—a local experiment—would be a meeting held recently in Paris, where undocumented workers and French nationals came together to demand the abolition of persecutory laws, police raids and expulsions; to demand that foreign workers be recognized simply in terms of their presence: that no one is illegal; all demands that are very natural for people who are basically in the same existential situation—people of the same world.

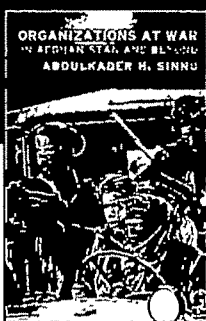
Time and courage

'In such great misfortune, what remains to you?' Corneille's Medea is asked by her confidante. 'Myself! Myself, I say, and it is enough', comes the reply. What Medea retains is the courage to decide her own fate; and courage, I would suggest, is the principal virtue in face of the disorientation of our own times. Lacan also raises the issue in discussing the analytical cure for depressive debility: should this not end in grand dialectical discussions on courage and justice, on the model of Plato's dialogues? In the famous 'Dialogue on Courage', General Laches, questioned by Socrates, replies: 'Courage is when I see the enemy and run towards him to engage him in a fight.' Socrates is not particularly satisfied with this, of course, and gently takes the General to task: 'It's a good example of courage, but an example is not a definition.' Running the same risks as General Laches, I will give my definition.

First, I would retain the status of courage as a virtue—that is, not an innate disposition, but something that constructs itself, and which one constructs, in practice. Courage, then, is the virtue which manifests itself through endurance in the impossible. This is not simply a matter of a momentary encounter with the impossible: that would be heroism, not courage. Heroism has always been represented not as a virtue but as a posture: as the moment when one turns to meet the impossible face to face. The virtue of courage constructs itself through endurance within the impossible; time is its raw material. What takes courage is to operate in terms of a different *durée* to that imposed by the law of the world. The point we are seeking must be one that can connect to another order of time. Those imprisoned within the temporality assigned us by the dominant order will always be prone to exclaim, as so many Socialist Party henchmen have done, 'Twelve years of Chirac, and now we have to wait for another round of elections. Seventeen years; perhaps twenty-two; a whole lifetime!' At best, they will become depressed and disorientated; at worst, rats.

In many respects we are closer today to the questions of the 19th century than to the revolutionary history of the 20th. A wide variety of 19th-century phenomena are reappearing: vast zones of poverty, widening inequalities, politics dissolved into the 'service of wealth', the nihilism

of large sections of the young, the servility of much of the intelligentsia; the cramped, besieged experimentalism of a few groups seeking ways to express the communist hypothesis . . . Which is no doubt why, as in the 19th century, it is not the victory of the hypothesis which is at stake today, but the conditions of its existence. This is our task, during the reactionary interlude that now prevails: through the combination of thought processes—always global, or universal, in character—and political experience, always local or singular, yet transmissible, to renew the existence of the communist hypothesis, in our consciousness and on the ground.



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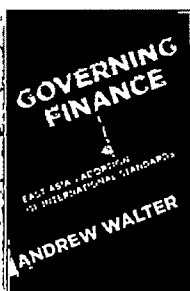
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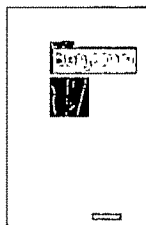
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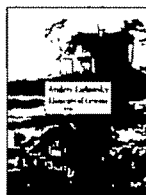


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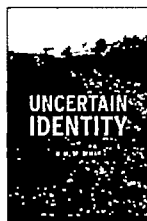
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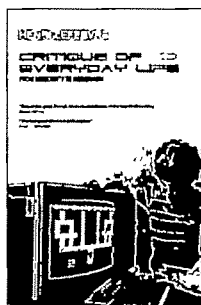
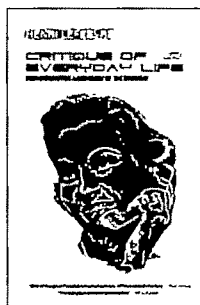
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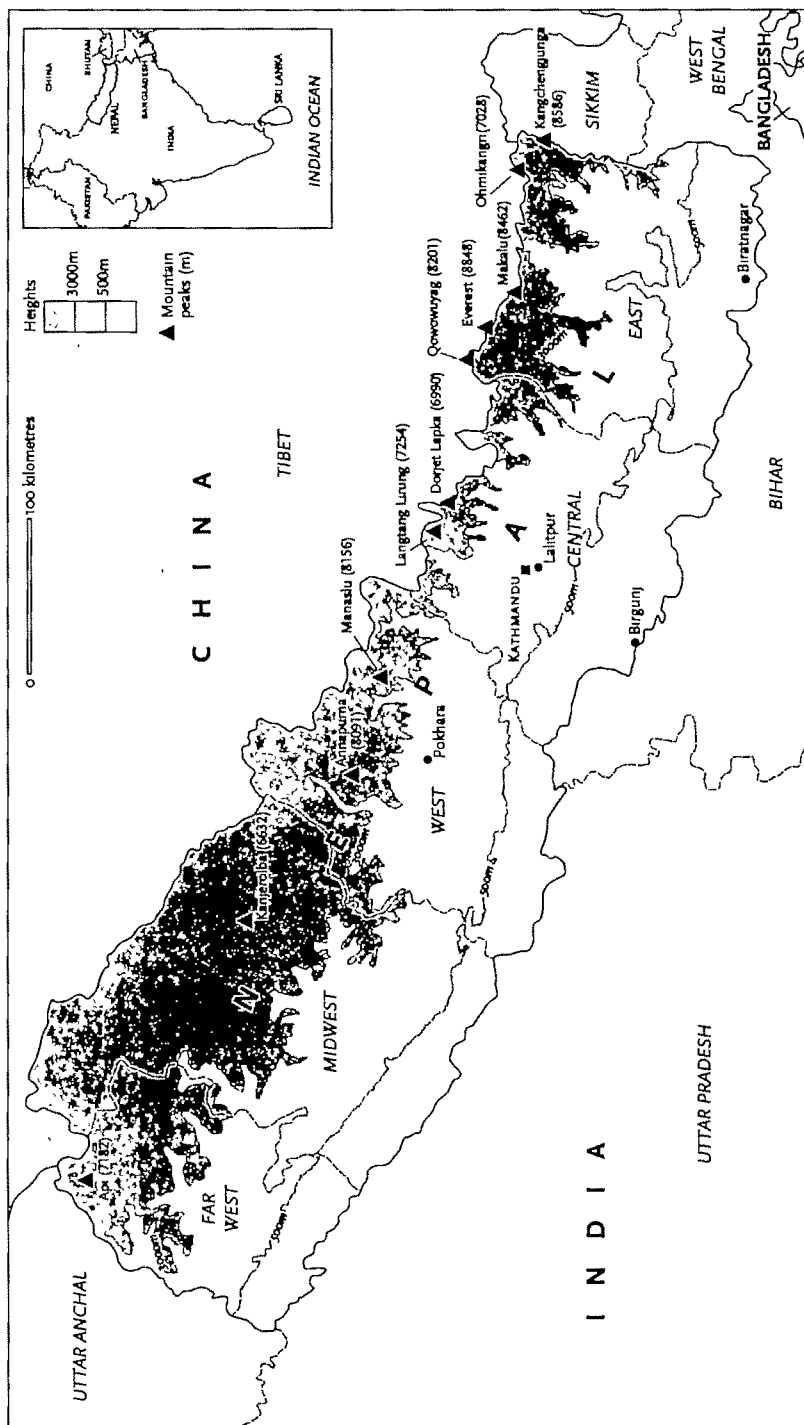
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THE NEW HIMALAYAN REPUBLIC

A WORLD-HISTORIC EVENT OCCURRED in a small South Asian country on 23 December 2007, when the toppling of the centuries-old Nepali monarchy and its replacement by a democratic federal republic was codified by the country's interim parliament.¹ The political force principally responsible for this achievement has been the Communist Party of Nepal (Maoist). Starting from the early 1990s the CPN-M had embarked, against all received wisdom, on a strategy of underground armed struggle which, within a decade, propelled it to the very forefront of Nepali politics. Militarily, it had fought to a stalemate—at the very least—the Royal Nepal Army. Politically, it had redefined the national agenda with its central demand for an elected Constituent Assembly, to draw up a constitution that would in turn ensure the formation of a new kind of Nepali state—republican, democratic, egalitarian, federal and secular.

In 2005, at the peak of its military influence, the CPN-M made a strategic turn to seek a permanent peace settlement and forge an alliance for democracy with Nepal's mainstream parliamentary parties, against the dictatorial rule of King Gyanendra. In so doing, it opened up a completely new phase in the turbulent political history of Nepal and paved the way for the remarkable mass upsurge of April 2006, known to Nepalis as the Second Democratic Revolution—Jan Andolan II. Beginning on April 6, with the declaration of a 4-day general strike and rally for democracy, the Jan Andolan turned into a 19-day uprising that brought over a million people into the streets of Kathmandu and the other cities, braving tear gas, baton charges, plastic bullets, arrests and, eventually, an 18-hour 'shoot-to-kill' curfew. The strike was soon declared indefinite and joined by shop-keepers, drivers, civil servants and even bankers, the cities soon running short of food, fuel and cash. The Royal Nepalese Army shot dead at least 15 protesters—by most estimates many more. Finally,

faced with the threat of a 2-million-strong march on the Palace, King Gyanendra capitulated on April 24. The monarchy was stripped of its special executive powers and its very existence made subject to the rulings of a prospective Constituent Assembly.

Negotiations in the aftermath of the uprising have often been fraught. On the political front, an initial set of agreements between the Maoists and the new Interim Government, headed by the veteran Nepal Congress leader Girija Prasad Koirala, had laid out a roadmap for elections to the new Constituent Assembly, originally scheduled for June 2007. The Assembly was to have 497 seats, with 240 to be decided by a first-past-the-post constituency-based system, another 240 by proportional representation based on party lists, and the remaining 17 filled by 'eminences' nominated by the Cabinet. In the meantime, there would be an interim parliament where division of the total tally of 330 seats would approximate the proportions of the 1999 elections to the then lower house of 205 seats, with an extra allocation to the Maoists who had not stood in 1999. This meant over 100 seats for the Nepal Congress, the oldest bourgeois party, around 80 for the centre-left Communist Party of Nepal (Unified Marxist-Leninist), and the same number for the CPN-M.

On the military front, the Maoists' People's Liberation Army duly handed over 2,857 weapons to the UN Mission in Nepal on 7 March 2007, the Nepal Army having agreed to hand over an equal cache; each force would keep the sole key to its arms locker, which would be guarded by the UN. The joint agreement stipulated that the Nepal Army would remain in its barracks, and the combatants of the PLA would be confined to seven cantonments, where their upkeep was to be the responsibility of the Interim Government. Most importantly, it was agreed that a process of 'Security Sector Reform' or 'Democratization of the Army' would be initiated, which would integrate the soldiers and officers of the Nepal Army and the PLA.²

¹ This brings the number of monarchies recognized as UN states down to 27. I am greatly indebted to Anand Swaroop Verma and Pramod Kaphley for their practical help, without which this article could not have been written. I have benefited from their sound advice on many matters, but of course responsibility for the views presented here is mine alone.

² The Maoists have padded their camp numbers by sending in supporters otherwise struggling to subsist, as well as under-age fighters. There is an informal consensus that UN verification will weed out several thousand of these, leaving around 15,000 to be integrated. Security sector reform thus also entails provision of education and skills training, and for many, 'golden handshakes'.

On this basis, the CPN-M joined the Interim Government on 1 April 2007, expecting that this would bring them both domestic and international legitimacy. The message was driven home to Nepal's state bureaucracy that it had better come to terms with these new masters, and several European capitals were obliged to remove the Maoists from their 'terrorist' lists. But the general euphoria of the CPN-M in the immediate aftermath of Jan Andolan II gradually gave way to consternation as, with belated but accumulating force, the logic of electoral politics began to hit home. With full proportional representation, each of the main parties—the Maoists, the NC and the CPN-UML—might expect to get roughly a third of the seats in a Constituent Assembly election. Under the mixed electoral system to which the Maoists had initially given their consent, however, they were likely to come a poor third to their main rivals. With regard to the 240 (out of 480) elected seats that were due to be filled on a first-past-the-post constituency basis, the other two parties were amply endowed with what the Maoists lacked: well-funded campaign coffers, long-standing patronage structures and readily identifiable candidates. As the leading forces in the new Constituent Assembly, these two parties would be strongly placed to garner most of the credit for the republic that the Assembly would declare, and to shape the actual content of the new constitution and of future government policy. Maoist representation might be reduced to a sixth of the Assembly's seats. Understandably, this prospect caused deep dismay and anger within CPN-M ranks, especially among the sections that had always been unhappy with the 'strategic turn'.

On 18 September 2007 the Maoists pulled out of the Interim Government and threatened public agitation to back their call for a full proportional-representation voting system for all 480 elected seats in the Constituent Assembly, and for the Interim Government itself to declare the Republic of Nepal forthwith. These were cardinal demands, but went back on written commitments that the CPN-M leaders had already given. Unsurprisingly the CPN-M were widely accused in Nepal and abroad of irresponsibility and untrustworthiness, in seeking to derail a process that they had themselves endorsed once they realized that they might not achieve sufficient electoral support within the rules agreed.

But if on the surface this seems obvious enough, there is a deeper reality. In the transition from being an armed revolutionary 'outsider' to working within the established Nepali state framework, the Maoists have

discovered grave unanticipated dilemmas caused not just by their own mistakes and arrogance, but by the duplicity and machinations of various forces opposed to them. In addition to their own-goal in agreeing to an unrepresentative voting system that could only benefit the established parties with well-oiled electoral machines, the key issue has been that of military reform. In the months following Jan Andolan II, Prime Minister Koirala adamantly refused to sack any of the RNA's top 25 generals, who bore responsibility not just for the April 2006 shootings but for thousands of civilian deaths during the civil war, and who were besides deeply compromised by their close association with the dictatorial King. The upshot is that although it was the Maoists, far more than any other force, that were responsible for the new and highly positive transformation of Nepal's political trajectory, it is likely that their gains will not be at all commensurate with their contribution. Their new demands were an attempt at least to narrow this gap.

How things came to such a pass, and where the Maoists go from here, however, are questions that must be situated in a wider understanding of Nepal's polity and economy, of the external forces at play, and of the country's extraordinarily complex internal patchwork of class, caste, linguistic and ethnic divisions. Nepal was never directly colonized, so its autocratic and highly conservative form of monarchical rule did not have to face the 'energy from below' of a rising national liberation movement during the colonial era. As a *de facto* tributary kingdom, first to the British Raj and then to post-Independence India, Nepal had no cause to undertake the reforms necessary to create the pre-conditions for a sovereign nation-state: a modern standing army, a centralized civil-service bureaucracy, a system of secular and unifying jurisprudence, country-wide taxation and infrastructural development aimed at creating a national market. It was, of course, the country's extreme underdevelopment that finally allowed a classic, peasant-based and Maoist-led 'revolutionary upsurge from below' to flourish, following a strategic path of countryside encircling the cities; moreover, the Maoist leaders were well aware that their project for a 'people's democracy' had to reckon with the fall of communism and the end of the Cold War. Nepal's geo-political location and the strength of external pressures, direct or indirect, exerted either by colonial or by major post-colonial powers, have been determining factors in this formally independent state. Nevertheless, it is the internal play of forces, operating within the wider geo-political dynamic, that may yet

play a crucial role in deciding the character of Nepal's governing institutions and overall political trajectory.³

Land, people, economy

Nepal is a roughly rectangular slab of 147,000 sq km, bordered on three sides by India along a perimeter of 1,746 km, and along its mountainous northern length of 1,100 km by the more inaccessible Tibetan plateau. Its population—around 28 million, comparable to that of Afghanistan—is overwhelmingly rural: barely 15 per cent of Nepalis are town-dwellers, and around 75 per cent earn their living through subsistence farming; equally, 75 per cent of fuel consumption is firewood. Geographically, the country comprises three ascending ecological belts. To the south, adjacent to India, is the fertile low-lying strip of the Tarai or plains region, home to 48 per cent of the population, mainly Madhesis. The central hill region—with altitudes ranging from around 600 to over 4,000 metres—including Kathmandu, has long dominated Nepali politics; it contains around 44 per cent of the population. Finally, there are the precipitous peaks of the north—Everest, etc—rising along the frontier with the People's Republic of China. The western hill and mountain regions have always been the poorest parts of the country and the strongest base of Communist support.

³ In a historical perspective Nepal belongs to a category of third world countries—Thailand, Afghanistan, Ethiopia and even Iran—that were never colonized, had monarchical feudal-type rule but faced immense pressures, external and internal, in the course of the 20th century to carry out capitalist modernization. This would create potentially explosive socio-political tensions between the royal house and other rising elites as well as between dominant and exploited classes. But despite this common structural feature the actual trajectories, economic and political, taken by these countries have diverged sharply, leaving little ground for any fruitful comparative study. Thailand has undergone substantial capitalist development and retains a powerful constitutional monarchy in a semi-democracy. The greatest urban mass movement and insurrection of the last century swept away the monarchy in Iran only to replace it with an enduring and authoritarian clerical regime, overseeing capitalist expansion pivoted on indigenous oil and gas wealth. Ethiopia and Afghanistan experienced anti-Western urban-based revolutionary coups by radicalized sections of the military which sought to put in place policies of a 'socialist orientation', including radical land reform. But these never took off and today the two countries are ruled by pro-US authoritarian regimes. Nepal alone has experienced a classical peasant-based revolutionary upsurge that has overthrown monarchical rule, and carries a stronger promise of institutionalizing a more thoroughgoing democratic political system.

Nepal's ruling class has historically been drawn from the Newars, the indigenous elite of the hill region (5 per cent of the population, mainly based in Kathmandu) and from upper-caste Bahuns (Brahmins) and Chettris (Kshyatriyas), populations produced by the immigration to the region of Hindus from the south many centuries ago. Nepali, and its Devnagari script, spoken today by just over half the population, was derived from their Indo-Aryan languages. The indigenous peoples—now starting to define themselves as of 'pre-Aryan, Mongoloid stock'—live mostly in the hills but also in the Tarai, and speak Tibeto-Burman languages. Originally they followed Buddhist, Shamanist or Animist beliefs and practices, but today some of these groups have accepted a Hindu self-description, so that roughly 80 per cent of the population are now considered Hindu. These indigenous groups, known as Janajatis, now make up around 37 per cent of the total population; they were placed in the 'middle' of the caste system, below the Bahuns (12 per cent) and Chettris (19 per cent), and above the Dalits ('untouchables').⁴ After the 1999 elections, the literate Bahun/Chettri/Newar category occupied 75 per cent of all cabinet posts and 61 per cent of all parliamentary seats. There was virtually no representation for Dalits (13 per cent) or Muslims (4 per cent). The Bahun/Chettri/Newar also hold 90 per cent of all positions in the civil services.⁵

In the Tarai region live the Madhesis or plains people of Indian origin, many of whom retain close ties with relatives across the border. Since landholdings here are larger, and feudal-type relations stronger, there are serious class contradictions among Madhesis, but these tend to be subsumed by the common cultural and social discriminations that all Madhesis face at the hands of hill peoples, whether B/C/N or Janajatis. They are often not seen as 'true' Nepalis and are subject to discrimination in employment by the state apparatus. Since 1990, there has been an explosion of groups taking up the Madhesi cause, as well as the rise

⁴ In 2002, the government listed the existence of a total of 37 languages, and classified 59 Janajati groups for whom there would be reserved positions in education and administration.

⁵ While the Chettris and scions of the Rana dynasty have dominated the upper echelons of the Royal Nepal Army, Dalits and Madhesis are effectively excluded, and members of the ethnic hill groups mostly make up the middle and lower ranks. The Gurkha regiments of Britain and India have come mainly from five such groups—the Magars (also a key support base for the Maoists), the Gurungs, the Limbus, the Tamangs and the Rais. Compared to their ambivalent status at home Gurkhas receive a more unequivocal respect and admiration abroad that reinforces their sense of loyalty to foreign employers.

of independent groups and older parties seeking to cash in on the grievances of Janajatis, Dalits and women.

One third of the Tarai population are immigrant hill peoples. Over 60 per cent of Dalits live in the hills, disproportionately more in the Mid- and Far West than in the East; the rest are in the Tarai. They remain basically landless and dependent on work in upper-caste owned larger terraced farms. In the West there is a larger proportion of Mongoloid ethnic groups who have subsistence plots than in the Eastern hills; many of these cannot ensure their families' livelihoods, hence their migration in substantial numbers to the Tarai and elsewhere. Their socio-cultural traditions make them more independent-minded, so feudal-type relations of personal servility are weaker.

Landholding patterns remain unequal: the richest 5 per cent of households own nearly 37 per cent of land, while some 47 per cent of landowning households own around 15 per cent of land, with an average size of 0.5 hectares. Though the average landholding of small farmers is slightly higher in the Western hills (0.52 hectares) than in the Eastern (0.47 hectares), the East is more agriculturally developed, with superior access to credit and investment, irrigation, fertilizers, technology, and so on. There has also historically been a significant regional difference in the degree of central government control, always weaker in the upper West than in the upper East; the early Nepali Communism of the 1950s first took root in the Western hills, a history of continuous left activism which benefited the Maoists later on. Of course, the CPN-M understood the necessity of expanding into the Central and Eastern regions so as to preclude any possibility of the Royal Nepal Army merely concentrating its military assaults on these Western strongholds. In more recent years, the Maoists have extended their social base from the rural poor to include lower level government servants, industrial labourers, small-scale businessmen, teachers, students and unemployed graduates. There are some 100,000 rural youth who fail their high school board exams every year, while a significant portion of the 500,000 youth thrown yearly onto the job market do not get the jobs they feel qualified for.

According to the latest statistics available (2003–04), 31 per cent of Nepalis are below the poverty line, but this figure rises to 46 per cent of Dalits and 44 per cent of hill Janajatis, while geographically the figure is 45 per cent in the Mid-Western region and 41 per cent in the Far-Western

region. If the international comparative measure of \$2 a day (purchasing power parity) is used, then 66 per cent of Nepalis are poor. Whatever industry exists is largely in the Tarai, with few backward linkages. The informal sector (urban and rural) accounts for 90 per cent of all employment. In the countryside 16 per cent are totally landless while 63 per cent of the agricultural workforce are self-employed on the little land they have, or else engaged in rural work for others. These are the rural poor.

A post-colonial monarchy

The kingdom of Nepal was forged in the late 18th century by Prithvi Narayan Shah, ruler of the Gorkha principality (in present-day West Nepal), who captured Kathmandu in 1768 and absorbed the neighbouring rival states; today's royal family are his descendants. Originally stretching from Kashmir to Bhutan, Nepal was reduced to roughly its current size by the Sugouli peace agreement, following defeat by the forces of the British East India Company in the wars of 1814–16. In 1846, the pro-British Jang Bahadur carried out a Palace massacre and established a hereditary Rana premiership, in which successive members of the Rana dynasty ruled for personal wealth and power in the name of the titular king. The British, henceforth supplied with suicidally loyal Gurkha troops for their imperial wars, were happy to condone the Ranas' policy of isolating Nepal politically and economically from the outside world.

It was only after Indian Independence that Rana rule was finally overthrown, with Delhi's backing. A unified Nepal Congress party was formed in exile and, with King Tribhuvan's support, waged an armed struggle against the Rana government. In November 1950 the royal family took refuge in the Indian Embassy in Kathmandu, and were subsequently flown to Delhi. On 7 February 1951, caught between Indian pressure and armed opposition at home, the government agreed to the 'Delhi compromise', by which the King's powers were restored, and the Congress party and the Ranas formed a joint interim government, to establish a Constituent Assembly that would draw up a democratic constitution—a promise that has not been fulfilled to this day.⁶ The 1854 Muluki Ain or 'country code' remained in force, establishing a single legal system but institutionalizing differential caste and sub-caste privileges and obligations, which persisted even after the government formally abolished

⁶ As a measure of how strong Indian influence was at that time, New Delhi effectively set up the Royal Nepali Army and Nepal's civil services.

caste discrimination in 1963. The inequities associated with ethnic diversity and caste cleavages, far from being recognized and redressed, were ignored and subsumed in the name of a Nepali nationalism whose father-figure was the King and whose 'cultural unity' was expressed in the partisan symbols associated with the practices and values of upper-caste hill society.

Both Tribhuvan (1911–55) and his son Mahendra (1955–72) consolidated royal authority, assuming powers to appoint and dismiss the prime minister and cabinet. When a constitution was finally promulgated in 1959—a week before general elections—it vested maximum powers in the King. The Nepal Congress won a two-thirds majority under a first-past-the-post system and sought to implement a mild programme of state-led redistribution, including limited measures of land reform. This was enough to alarm the landed elites. On 15 December 1960, King Mahendra used his emergency powers to dissolve Parliament, arrest the Prime Minister, B. P. Koirala (elder brother of the current octogenarian Prime Minister G. P. Koirala) and ban all political parties, thereby laying the foundations for three decades of 'party-less' rule, sustained after Mahendra's death by his son King Birendra (1972–2001). The system, known as Panchayati Raj, involved a three-tier system of village, district and zonal assemblies—*panchayats*—which indirectly elected a national assembly with only advisory capacity to the King. Representative bodies for the five 'classes' of peasantry, women, youth, workers and ex-servicemen were permitted to exist under supervision, while there was also a firm separation between 'public' bodies controlled and monitored by the Palace and 'private' bodies such as newspapers, clubs, societies, professional associations, etc., which were excluded from political activity and subject to censorship and scrutiny. All this was sanctified by a new 1962 constitution, later somewhat amended after a mass student upsurge in 1979 and a subsequent 1980 referendum—widely believed to have been rigged—on the Panchayati Raj, which returned a narrow majority in favour of the existing system.

For obvious geographical, historical and cultural reasons, India has always been by far the most important political influence on Nepal; but any *pro forma* Indian objections to the consolidation of royal dictatorship in Nepal were modified by the Sino-Indian conflict in 1962, which also made it easier for New Delhi to accept CIA-supported bases of Tibetan Khampa rebels in two Nepali districts. For its part, Beijing's perspectives

were clear. Nepal lies in India's 'sphere of influence' and this will not be challenged; but nor should Nepal become a haven for Tibetan dissidents or a base for interfering with China's control of the plateau. After the 1972 Sino-US entente these camps were closed, and Nepal-China political relations resumed on an even keel. Both Mahendra and Birendra sought to balance Indian influence through improved relations with China, and even in Mao's heyday Beijing was always more concerned to stabilize relations with the Palace in Kathmandu than to support popular struggles against it.⁷

Oppositions

Slowly, however, processes of modernization began to make inroads. The spread of educational and health facilities—if all too often of poor quality—helped raise the literacy level from 2 per cent in 1951 to 40 per cent in 1990. A professional middle class emerged in the towns and cities, demanding more socio-political space, while caste rituals and injunctions also weakened. The arrival of radio and the entry of foreign-aid missions helped put an end to the country's seclusion and created growing awareness of Nepal's comparative underdevelopment and lack of democracy, while expansion of the road network promoted internal and external migration. At the same time, the Palace project of heavy-handed unification and modernization from above could not but exacerbate social tensions. Banned parties went underground and continued their activities both within and outside the Panchayati system.

⁷ Nor has the existence of Nepali Maoism hampered state-to-state relations or trade with China, even including occasional arms purchases to be used against the Maoists. As recent as September 2005 there were reports of China having supplied \$22 million of arms and ammunition and in November 2005, 18 trucks carrying military hardware were reported crossing the Nepal-Tibet border. This is not surprising. Nepali Maoism arose when Mao was in decline in China, and Nepali Maoists have never had serious organizational links with 'fraternal' parties outside, even in India. The CPN-M has helped set up a Coordinating Committee of Maoist Parties and Organizations of South Asia (CCOMPOSA) which has allowed some ideological interchange to take place, but even this body is largely inactive. Indian talk about a 'red corridor' of Maoism running from Nepal through central India down to the southern states is self-serving misinformation designed to exaggerate the 'Maoist threat' and justify repressive measures by New Delhi and state capitals, while diverting attention from development failures. The state governments also hope to attract greater financial largesse from the centre in the name of combating 'Naxalite terrorism'. Indian Maoism has expanded but is nothing like as widely and strongly rooted as is made out.

Nepali Communism, whose most distinctive characteristic has been its combination of endurance and fragmentation—in the late 1980s there were fifteen Communist parties, now reduced to half-a-dozen—provided a common if not a unified focus for agitation and growth.

The original Communist Party of Nepal was founded in 1949 under the leadership of Pushpa Lal Shrestha, and had strongly denounced the 1951 'Delhi compromise', seeing the Nepal Congress as a stooge of India and the King. In 1956, however, the CPN switched tack and recognized the King as constitutional head of state. Initially outlawed, the Party was now legalized, but has been bedevilled ever since both by personality clashes and ideological differences over the issue of reform versus revolution. The Sino-Soviet split had a greater and more lasting effect in Nepal than in India, where the 1964 break between the Communist Party of India and the Communist Party of India (Marxist) had more to do with differing orientations towards the Indian National Congress.

Broadly speaking, one could describe three basic trends within Nepali Communism. The first was a pro-Moscow Stalinism that over time mutated into a form of social democracy—though retaining a Communist label—with its primary ambition the establishment and stabilization of a parliamentary system in which it could pursue a more or less 'safe' reformist politics. By 1989, its principal legatee was the CPN-Marxist, which was soon to lose its rural poor base in its original strongholds of the upper Western region to the Maoists, even as it sought to secure support from rural and urban middle classes elsewhere. The initially more leftist pro-Beijing grouping split in two: one section later drifted towards social democracy and parliamentary reformism, mainly organized in the CPN-Marxist-Leninist, while the other remained true to its radical-Maoist origins. In the early 1970s, the Maoist upsurge in the Naxalbari region of West Bengal inspired a Nepali version of armed peasant rebellion against big landlords in the hilly Jhapa district of Eastern Nepal. Though eventually subdued, this is seen as the founding moment of Nepali Maoism, after which there would always remain a current of fluctuating strength committed to guerrilla struggle and the creation of rural 'base areas'. This third current was largely consolidated by 1989 as the CPN-Unity Centre, under the leadership of Pushpa Kamal Dahal, later better known as 'Prachanda'. A history of Nepali Communism would have to trace these three trajectories and

their inter-relations, replete with the fission and fusion of groups, parties and fronts, and including political-ideological crossovers.

First Jan Andolan

Against this backdrop, various other developments paved the way for the mass upsurge known as the Jan Andolan of February 1990, which would lead to the collapse of the dictatorial Panchayati Raj. An important factor was the hardship caused by the Indian trade blockade imposed by Rajiv Gandhi's Congress government—as a rebuke for Kathmandu's import of Chinese arms and failure to clamp down on cross-border smuggling—when the 1950 Trade and Transit Treaty, vital for landlocked Nepal, came up for renewal in 1989. If the decision to squeeze Nepal through prolonged blockade initially created widespread resentment against India, the public mood soon changed to one of increasing anger, not just at the Palace's failure to resolve matters with New Delhi but against the whole monarchical system. At the same time, the broader struggles for democracy in the second half of the 1980s—the successful overthrow of the Marcos regime in the Philippines in 1986, the emergence of glasnost and perestroika, Tiananmen, the East European movements of 1989—had a very substantial resonance in Nepal, especially among the urban intellectuals and activists who were key drivers of the upsurge.

Internally, the most important development began with the establishment of a working unity between the two biggest left parties, the formerly pro-Moscow CPN-Marxist and the formerly pro-Beijing CPN-ML.⁸ Along with some smaller groups, these formed a United Left Front which in turn, through the autumn and winter of 1989, forged an alliance with the Nepal Congress and announced the launching of a Movement for the Restoration of Democracy, to begin on 18 February 1990, the anniversary of the 1951 overthrow of Rana rule.⁹ What the leaders of the MRD never anticipated was the remarkable response they received from the

⁸ The CPN-ML's initial stronghold was in the Eastern hills among small and middle peasantry—the Jhapa legacy. This base was transferred to the merger of the two parties, the CPN-Unified Marxist-Leninist. The CPN-UML subsequently shifted towards representing the interests of the middle class and petit-bourgeois of town and country, and then those of the higher professionals and sections of the upper classes. The social base of the CPN-UML overlaps with that of the Nepali Congress and CPN-Maoist, more so with the latter.

⁹ This pattern of prior collaboration between left and right to promote an anti-monarchical democratic mass movement was to repeat itself in the run-up to the 'second democratic revolution' of April 2006.

public, with widespread mass demonstrations and strikes by students, teachers, government employees, workers and medics. In the course of this movement, to the dismay of the Palace, the V. P. Singh government in India as well as London and Washington gave formal support to the MRD, though China remained warily aloof.

The turning point came on 6 April 1990, when half a million people came out on the streets in a victory celebration, after King Birendra had announced the formation of a new cabinet that would begin negotiations with the MRD leaders. When a section of the crowd in Kathmandu began marching toward the Palace, the Army opened fire, following this with shooting elsewhere as other demonstrations broke out with new force. No accurate account of the death toll has emerged. But this bloodbath created such public horror and anger that the King effectively capitulated, to save his status as a father-figure of the nation. By 13 April the ban on parties had been lifted and political prisoners released, a new interim cabinet was installed with Congress and Communist members, and the basic institutions of Panchayati Raj were completely dissolved.

In November 1990 a new constitution was finally promulgated, reducing the powers of the King but still retaining provisions that ensured that the changes would remain partial and unsatisfactory. Above all, the three cornerstones of the old regime—monarchy, Nepali language dominance, Hinduism—remained intact. The King was still Commander-in-Chief of the Royal Nepal Army and retained wide-reaching emergency powers. The multi-ethnic and multi-lingual character of Nepal was recognized but Nepali remained the only state language, and Hinduism the state religion. That this was too limited an outcome soon became evident, since the MRD had unleashed a powerful new dynamic of lower-caste and ethnic mobilizations that would have to be addressed if a unified and truly democratic state was eventually to emerge. It would take another sixteen years for an even wider and deeper mass movement to arise, aiming to complete the project of a democratic restructuring of the Nepali state, and this time demand not, as in 1990, the constitutionalization of the monarchy, but its complete abolition.

The period from 1990 to 2002 has been described as ‘anarchic democracy’.¹⁰ For the first time political parties were allowed to function, and

¹⁰ The term is that of Kanak Mani Dixit, editor of *Himal*, perhaps the most widely known internationally of Nepal’s political journals.

civil-society groups and leaders emerged; ethnic and caste consciousness escalated, along with a determination to eradicate discrimination. Income disparities were also growing: between 1995 and 2004, the Gini coefficient rose from 34.2 to 41.4, with larger gaps opening up between the rich and the middle-income layers, as well as between the middle and the poor. Migration—above all to India, but also to East and South-East Asia and the Arab countries—increased dramatically: the real total of remittances, official and unofficial, was estimated at some 25 per cent of GDP. While domestic development continued to stagnate, Nepal was becoming a remittance economy par excellence.¹¹

The 1991 national assembly elections, the first since 1959, were won by the Nepal Congress with 38 per cent of the votes and 110 seats, out of 205. More surprising were the 69 seats won (with 28 per cent of the vote—the first-past-the-post disparities speak for themselves) by the newly united Communist Party, the CPN-Unified Marxist-Leninist. In the 1994 elections, the CPN-UML won 88 seats to the Nepal Congress's 83 and formed the first-ever Communist-led national government in South Asia—although it was brought down within a year as coalition alliances shifted in favour of the Nepal Congress. The CPN-UML itself then split, with both factions now competing to enter governing coalitions with the Nepal Congress. All in all, the period from 1990 to 2002 saw thirteen changes of government, accompanied by unscrupulous displays of power-brokering and self-centred party manoeuvres, with no real attempts to address the immense problems facing the country; it is hardly surprising that the appeal of the radical left should have grown.

The Maoists of the CPN-Unity Centre, meanwhile, had used the platform of the 1991 elections to expose the inability of parliamentary politics to

¹¹ India is said to have 65 per cent of all Nepali migrants, with a further 18 per cent in Arab countries, about 2 per cent in the UK, and the rest in Malaysia, Bhutan, China, South Korea, Hong Kong, Japan and the US. There are no accurate figures for how many Nepali migrants there are in India, as against Indians of Nepali origin, which migrants may in due course become; estimates vary between 2 million and 6 million. Officially, remittances in 2003–04 came to approximately \$800 million or 12 per cent of Nepal's GDP. However, if illegal inward flows and Indian currency simply brought over the border are added—Indian rupees are legal tender and accepted everywhere—the real total of remittances would be more than double that. Officially, in 2003–04, 35 per cent of this came from Qatar, Saudi Arabia and UAE, compared with 30 per cent from India. *Resilience Amidst Conflict: An Assessment of Poverty in Nepal: 1995/96 and 2003/04*, prepared by the World Bank, June 2006, pp. 51–8.

resolve the basic problems of land reform, Dalit and gender discrimination and oppressed nationalities; they called for a new 'democratic revolution', based on the dictatorship of the proletariat and peasantry, to do this. They won 9 seats (on 4 per cent of the vote), thus emerging as the third party in Parliament. But the group—which would change its name to CPN-Maoist in 1995—was already making political and organizational preparations, internally and externally, for a turn towards protracted people's war, formally announced on 13 February 1996. The armed struggle started in the traditional Communist/Maoist strongholds of the Mid- and Far-West. The CPN-M began by attacking local banks, burning loan papers to indebted farmers, stealing money, attacking police stations, accumulating small arms and making cross-border black market purchases of more sophisticated weaponry; later, they would assault Royal Nepal Army district headquarters and acquire machine guns and rocket-launchers. By 2000, they were emerging as a force at national level.

Initially, neither King Birendra nor the Parliamentary leadership had taken the CPN-M's declaration of armed struggle too seriously, thinking police action would be enough to crush such adventurism. From 2000 onwards, however, both India and the US urged the more cautious King to send the RNA to confront the Maoists directly. Finally in April 2001 Birendra dispatched his troops against the Maoist villages, in the (most un-Nepali) name of an 'Integrated Security and Development Programme'.

Murder at the palace

Two months later, on 1 June 2001, came the extraordinary royal blood-bath at the Palace in Kathmandu, when the 'crazed' Crown Prince Dipendra allegedly murdered his father, King Birendra, along with his mother the Queen, and his royal sister and brother, before shooting himself in the head. Birendra's brother, Gyanendra, was duly crowned King of Nepal on June 4th. The circumstances surrounding this episode were sufficiently murky for the overwhelming majority of the Nepali people to believe, rightly or wrongly, that the whole thing had been a conspiracy hatched by Gyanendra. The new King lost little time in displaying his ruthless authoritarian character, or political ineptitude: within six months of his coronation his Congress Prime Minister, Bahadur Deuba, had been instructed to impose emergency rule, citing among other things the Maoist threat.

Washington and Delhi fully supported King Gyanendra's November 2001 declaration of emergency—adding substance to the view that they had also been party to a conspiracy against Birendra. From then until Gyanendra's February 2005 Palace coup, both capitals gave sustained political-military support to his efforts to crush the Maoists. India provided some \$90 million worth of arms; the top echelons of the Royal Nepal Army have always had close relations with their counterparts in the Indian army and its main intelligence agency, known as the Research and Analysis Wing. For its part, the US consolidated relations with the RNA in the 2001–04 period, when Christina Rocca was Assistant Secretary of State for South Asia. In mid-2001 an 'Office of Defense Cooperation' was set up at the US Embassy in Kathmandu, US military advisers arrived to help plot the defeat of the Maoists and a programme of sending RNA officers to US army colleges and training centres was established. In this period Washington collaborated with the BJP-led Delhi government, which assented to such co-ordination despite India's long-standing policy of seeking to monopolize external influence over the RNA. In January 2002 Colin Powell became the highest-ranking American government official ever to visit Nepal, and afterwards \$12 million of a promised \$20 million was released for arms purchases. In the course of the civil war that followed, the Royal Nepal Army quadrupled in size, to over 90,000 troops, and spread to areas of the country where it had never ventured before.

Waging people's war

Despite this onslaught, by the beginning of 2005 the Maoists had spread to all but two of the country's seventy-five districts, and claimed to control 80 per cent of the countryside. During this period the CPN-M sustained a highly organized underground political structure, topped by a Standing Committee of seven members, below which was a Politbureau of fifteen, then a Central Committee of forty to fifty, which oversaw five regional bureaux of the East, Centre, West, Kathmandu and Abroad (mainly India-based supporters). The first three regional bureaux each supervised three sub-regions, and there were district committees at the base.¹² In the regions they controlled, the Maoists set up base areas and people's committees at the levels of ward, village, district and sub-region, and carried out local development work and social programmes

¹² Since the CPN-M emerged from underground, the top two rungs have been replaced by an eleven-member Central Secretariat, with the former Central Committee reduced to thirty-five members and renamed the Central Organizing Committee.

of inter-caste marriage, widow remarriage and temperance campaigns, with varying degrees of effectiveness. From 2003 the Maoists moved into the Tarai border regions, where they spread like wildfire, since they more than any other political force had long articulated the demand for equality of 'nationalities' such as the Madhesis. But the very speed with which they widened their appeal, even as it emboldened and assured them in a strategic sense, also blinded them to the underlying reality. A powerful new Madhesi dynamic had been unleashed, which in due course would escape the Maoists' control and benefit other forces with much deeper historical roots that had stronger class, caste and patronage structures working for them, once they too began taking up Madhesi grievances and demands.

Throughout the whole period of armed struggle there was also legal work through various front organizations of workers, peasants, 'nationalities', oppressed castes, students, intellectuals and women, expressing the Maoists' demands and their overall political vision. Amid all the talk of having proceeded steadily through the successive phases of strategic defence and strategic balance to finally reach the phase of strategic offensive, it is notable that the Maoists never tried to hold on to the district capitals they attacked. Accurate estimates of Maoist armed strength are hard to come by. One source says that by 2005 the Maoists had a highly motivated force of 10,000 trained and armed guerrillas—the People's Liberation Army divided into some nine brigades, in turn subdivided into battalions, companies and platoons—plus a further 20,000 armed militia divided into a secondary force of mobile squads and more stationary base forces.¹³

Strategically, the CPN-M was perhaps most strongly influenced—apart from by Mao's own classic perspective—by the Sendero Luminoso's near success in Peru, seeing its final failure as reflecting a 'left deviationism', just as it sees the Sandinista defeat of the late eighties after achieving power as the failure of a 'right deviationism'. Its ideological vision of the path to socialism has been shaped by a positive interpretation of the Great Proletarian Cultural Revolution, which despite its excesses is perceived as a crucial attempt to prevent bureaucratic degeneration through a 'mass line' approach, hence the enduring admiration for Mao himself. It has also been affected by the subsequent experiences of the

¹³ International Crisis Group, 'Nepal's Maoists: Their Aims, Structure and Strategy', 27 October 2005.

former Communist world, to the point where Nepal's Maoists have formally and publicly adopted a position in favour of genuine multi-party competition even in the 'socialist phase', as well as accepting the existence of independent trade unions and their right to strike. On the current experiences of the Latin American left, in Venezuela and Bolivia, the leadership's position is that these are on the whole positive, but it needs to know more. Hesitant to advise their Indian comrades, the farthest that Prachanda and Bhattarai—the top two leaders—will go is to say that in the more industrially developed India, much more attention has to be paid to organizing in the cities and open mass work.¹⁴

Royal coup

Even as Maoist influence grew, King Gyanendra continued to concentrate power in his own hands. In May 2002 he dissolved Parliament; he dismissed the Deuba ministry five months later and replaced it with his own appointees. Finally, in February 2005, a parade of unelected governments was ended when the King sacked the Prime Minister and Cabinet, vested their executive powers in himself, arrested the country's political leaders and suspended civil liberties. Gyanendra succeeded in making himself the most hated king in Nepal's history. If a substantial majority of the population now want a republic, this is because a weaker but more general dissatisfaction with the monarchical system has fused with a real contempt for Gyanendra to create a deep hostility to the institution itself. So strong is the current revulsion that even the Nepal Congress, a key repository of varied royalist convictions, publicly declared its commitment to republicanism on 6 September 2007.

The CPN-M itself came close to a split in 2004–05, with differences over strategic issues exacerbated by an emerging personality cult around Prachanda. The rift focused around the balance between political and military action, which in turn related to a long-standing divergence within the party as to whether the struggle against the Nepali monarchy should take priority, or whether it should be subordinated to the needs of a national-popular defence against 'Indian expansionism'; a strong current within the CPN-M had long seen King Birendra as a Sihanouk-like 'royal nationalist' and potential ally against the great power to the south. The

¹⁴ Personal conversations in October 2007 with Prachanda and Baburam Bhattarai. Prachanda comes from a poor peasant background and Bhattarai from a middle peasant background. Both were radicalized as students in the late sixties or early seventies.

debate was finally settled in favour of the anti-monarchist position, itself powerfully vindicated when Gyanendra turned against the mainstream parties in February 2005. The latter's struggle for survival effectively pushed them towards the Maoists, who were quick to grasp the exceptionally favourable shift in the domestic and international relationship of forces that had taken place, as the King continued to isolate himself both domestically and internationally. By mid-2005 the Indian government was becoming conscious of the changing internal situation in Nepal, and the futility of continuing its support for Gyanendra. It now changed tack and sought to 'tame' the CPN-M, by bringing them into a stabilized electoral and parliamentary process, while retaining its longer-term perspective of working to finally eliminate the Maoist threat. The US, much slower to understand the changes, opposed the November 2005 Memorandum of Understanding, partly brokered by India, between the Maoists and the mainstream parties, and continued to keep the Maoists on its terrorist list; but even Washington eventually decided to oppose Gyanendra's blatantly dictatorial turn. It would have been folly not to take advantage of such conditions.

In discussions with the author in October 2007, Prachanda gave two reasons for not seeking to seize state power militarily in 2005, when it seemed within their grasp, but instead turning to negotiate a permanent peace settlement, involving a long-term strategic alliance with the mainstream parties to fight for a 'democratic republic'. First, given the international balance of forces, the Maoist leadership believed that, while they might capture state power, they would not be able to retain it. Second, by abandoning the path of armed struggle for peaceful mass mobilization they hoped to achieve a new legitimacy, domestically and internationally, that would afford them greater protection in the long run. This turn was one that many of the CPN-M's own cadres, educated in the belief that they were fighting for a thoroughgoing people's democracy, found hard to swallow. The new line that was finally accepted was that the democratic republic, though seemingly bourgeois in form, was actually a transitional phase towards a future people's democracy, and that progress along this 'peaceful' path would be gauged by the extent to which the key tasks of overcoming class oppression (above all, the question of land reform), eliminating caste and gender oppression, and resolving the 'nationalities' question (federal restructuring of the state) were actually carried out.

However, this strategic shift was almost certainly influenced by the awareness that to try and achieve a climactic military victory against a force of 15,000 to 20,000 stationed to protect Kathmandu would be bloody and uncertain. As it was, some 13,000 had died in the civil war, of which 7,000 to 8,000 were probably civilian third parties. If most of these deaths were caused by the Royal Nepal Army, the Maoists were far from blameless.

Second Jan Andolan

Urban opposition to Gyanendra's February 2005 coup was first organized by trade union groups, progressive NGOs, and teachers' and lawyers' associations. An umbrella organization, the Citizens' Movement for Democracy and Peace, brought together some of the country's leading public intellectuals,¹⁵ and pushed the mainstream parties to unite in the campaign for democracy. In mid 2005, the Seven-Party Alliance (SPA) was formed.¹⁶ On 22 November 2005, with Indian government backing, the SPA and the Maoists concluded a twelve-point Memorandum of Understanding: both sides would unite to end monarchical autocracy, restore Parliament, establish an all-party interim government, call for a Constituent Assembly, acknowledge past mistakes and allow each other freedom of political activity everywhere; and—with the help of 'appropriate international supervision'—work to end the conflict between the Royal Nepal Army and the PLA.

In March 2006, the SPA and the Maoists agreed to launch a joint Jan Andolan II on 6 April, commemorating the climax of the 1990 Jan Andolan I. For tactical reasons, and to obviate fears of a Maoist takeover, the CPN-M encouraged the SPA to lead the mass mobilizations in Kathmandu and the other cities, while they provided large-scale logistical support and brought in huge numbers of their own supporters.

¹⁵ These included Devinder Raj Pandey, a former cabinet minister and leader of the civil society movement; Krishna Khanal and Mahesh Maskey, professors at Kathmandu's Tribhuvan University; Shyam Shrestha, respected journalist and his wife Mukta Shrestha, well-known social worker; Khagendra Sangraula, poet and literary critic; and Shanta Shrestha, a famous human-rights activist campaigning since the 1950s.

¹⁶ These were the Nepal Congress, the breakaway Nepal Congress (Democratic), the CPN-UML, the left-wing Janamorchha Nepal (People's Movement Nepal), the Tarai-based Nepal Sadbhavna Party, the Nepal Workers' and Peasants' Party, and the United Left Front. On 25 September 2007 the NC and NC(D) merged, making it now a six-party alliance.

The former Nepal Congress prime minister, G. P. Koirala—the crafty and experienced ‘grand old man’ of Nepali politics, with no love for the Maoists—was nonetheless seen as one of the key leaders of a movement created mainly, but not only, by this inter-party collaboration.⁷⁷ There was widespread and spontaneous involvement of popular groups, which increasingly began to include the middle classes, and finally even the cadres of such key state institutions as the Reserve Bank of Nepal.

The remarkable 19-day upsurge of Jan Andolan II, which at its height on 23 and 24 April 2006 brought over a million people into the streets, pushed well beyond the goals envisaged by New Delhi. Despite differences between the Congress and non-Congress prime ministers in India—I. K. Gujral, V. P. Singh, Chandra Shekhar—both sides have usually operated a ‘two-pillar’ approach with regard to Nepal, working both through the Nepal Congress and the Palace. This had allowed India to shift its emphasis from the Palace to the parliamentary system and back again as circumstances were deemed to dictate: to appear as both pro-monarchy and pro-democracy. Such meddling backfired badly when, at the height of the 2006 Jan Andolan agitation, New Delhi sent a scion of the former royal family of Kashmir, Karan Singh, to King Gyanendra, in the hope of getting him to offer some compromise formula and thus save one ‘pillar’, the monarchy. On 21 April Gyanendra duly invited the SPA to name a new prime minister, an offer roundly rejected by the Alliance which declared that it would organize a two-million-strong march on the Palace on 27 April.

On the 24th, the king capitulated. He conceded all the main demands of the twelve-point Memorandum of Understanding, agreeing to shed all executive powers and restore Parliament. The SPA and the public hailed this as a great victory, while the Maoists, concerned that this might be the end of the process rather than just the beginning, expressed their concerns at a possible ‘betrayal’. However, such was the public mood and pressure that in May 2006 Parliament was restored, Koirala became Prime Minister of an interim SPA government, Nepal was formally declared a secular state, the RNA was brought under civilian control and

⁷⁷ Despite Koirala’s well-deserved reputation for being pro-India and for unscrupulous trickery, he had burnished his credentials through his unwavering opposition to Gyanendra since 2002, and as Nepal Congress president had expelled Prime Minister Deuba from the party after the latter had dissolved Parliament at the King’s behest in May 2002.

renamed the Nepal Army, and negotiations were opened between the government and the Maoists.

Dilemmas of transition

The heady optimism of the Maoists in the immediate aftermath of Jan Andolan II soon gave way to a sense of alarm. As noted above, the preponderance of first-past-the-post, constituency-based voting in the planned Constituent Assembly elections, to which the Maoists had at first consented, was liable to leave them with perhaps a sixth of the seats and scant influence in determining future policy outcomes. In the triangular power game played out since May 2006 between the Congress, the CPN-UML and the CPN-M, the latter two are programmatically closer but, for that very reason, also have substantially overlapping social bases. The Maoists worry that the CPN-UML will eat into their actual or potential electoral base, while the leaders of the CPN-UML are concerned that the radicalism of the Maoists will attract much of their cadre and that the Maoists, despite their current call for left unity, have a longer-term plan to split their party. During the drafting of the interim constitution, Prime Minister Koirala as the head of the SPA could make use of these tensions to outmanoeuvre the Maoists. Not only did the interim constitution, declared in mid-January 2007, enshrine a mixed, parallel voting system—the CPN-UML had to content itself with a dissenting note in favour of full proportional representation—but it made no specific reference to federalism, only committing itself to put an end to the unitary state. These two lapses seriously undermined Maoist influence among the indigenous groups, including the Madhesis of the Tarai.

At the news of the interim constitution's failure to enshrine a federal basis for a future Nepali state, a spontaneous and angry mass movement erupted among the Madhesis, in which all kinds of forces participated—ex-Maoist leaders who had formed their own groups; the Nepal Congress; and the Hindu right, backed by its Indian counterparts, who saw in this upsurge the chance to undermine popular support for the Maoists. Major landowning and politically powerful families in Uttar Pradesh and Bihar, often with criminal links, have long been intervening to substantial effect in the politics of the Tarai, while the Hindutva forces of India have seen the world's only Hindu kingdom as an expression of a Hindu *rashtra* which—unlike India itself—has not been tainted

historically by Muslim or Christian invasion and rule.¹⁸ In early 2007, forty people were killed by police gunfire during the 21-day mass uprising in the Tarai. The protests were led by an ex-Maoist, Upendra Yadav, who had formed the Madhesi Jan Adhikar Forum (Madhesi People's Rights Forum) as the main rival to the Maoists' own Madhesi Mukti Morcha (Madhesi Liberation Front).

If the Maoists were embittered by these 'pretenders' now usurping their agenda, they hardly helped matters by advocating a tough law-and-order line by the central government against these and subsequent Madhesi mobilizations. In the following months the Tarai was largely to escape Kathmandu's control. With a defunct administration, a political vacuum had opened that was filled by some twenty-two armed groups, many of them criminal. Armed clashes including the killing of activists took place between the Maoist organizations and other groups. Other sources of tension were between the state and the Madhesis, among Madhesi groups themselves, and between Madhesis and settlers of hill origin, especially as there also emerged extreme Madhesi groups demanding expulsion of these settlers from the Tarai and even independence from Nepal. In all this could be seen the hand of India, keen to promote hostility to the Maoists. After inordinate delay Kathmandu finally agreed in September 2007 to some key Madhesi demands: a commission of inquiry into the police shootings, compensation payments, and an assurance that it would be constitutionally sensitive to the Madhesis' desire for respect and equality. But there has been no forward movement on this score, and the Tarai continues to simmer. Indeed, a new Tarai party has been formed led by a few parliamentary defectors from the NC and CPN-UML, while violence escalated towards the close of 2007.

¹⁸ The connection between Nepali and Indian politics takes place at a number of levels, although it is the Indian state that has always been the crucial factor. Hindutva forces have always had a link with the Palace, but the enduring weakness of the Hindu right in Nepali civil society—understandable given the country's diversity and its history of monarchical authoritarian rule—has always posed huge problems. The Hindu right has so far not been able to seriously shape Nepal's politics, although it can cause mischief. On 1 September 2004, after twelve Nepalis were abducted and killed in Iraq, the Nepali Hindu right engineered attacks on Muslims, the first time Kathmandu had witnessed such communal riots in which it is believed that the Palace silently acquiesced. No credible investigation was held nor were the culprits ever found.

Elsewhere, in Kathmandu and other towns, the revival of the Maoists' Young Communist League in late 2006 has proved to be double-edged. The idea was to provide an outlet for their radical cadre, including many of their ex-militia and PLA activist-leaders; to have an electoral mobilizing force, and an organization that would gather mass support through social work and progressive campaigns. Despite some success in unearthing public scandals, the YCL—some 200,000 strong and comprising Maoist cadre-members of all kinds, including newly recruited opportunist goons in towns and villages—has also succeeded in alienating large sections of the public through the still militarized mindsets of too many of their activists and leaders and, in places, resort to extortion, partly for electoral purposes. The CPN-M does not receive financial backing from business and wealthy elites in the way that the Congress and CPN-UML do. These two parties are also accused of illegally diverting international aid money, and it is widely believed that New Delhi also does its bit for them. However, this does not justify YCL high-handedness, and on 26 November 2007 in the *Kathmandu Post*, Prachanda had to give a public assurance that the YCL would change its behaviour and shed its negative image.

But if Maoist reservations, ruthlessness and ineptitude are one part of the explanation for the difficulties of the transition, the more important part resides with those still unwilling to give up the option of ultimately isolating and eliminating the Maoists. Here, the absolutely key issue is that of 'security sector reform'. Koirala, as we have seen, refused to take the action that was within his power in the aftermath of Jan Andolan II. Although the interim government carried out a shake-up of the police and paramilitary forces, the Prime Minister refused to make any changes within the upper echelons of the Army, claiming that any such move would 'destabilize' Nepal's political situation. Nor has he taken any steps to 'democratize' the armed forces or move towards an eventual merger of the Nepal Army and PLA, though long-term peace is only possible if an assured and honourable place is found for members of the latter. In fact, over the course of 2006 it became increasingly evident that he had done a deal with the Army top brass. They will assure Koirala and the Congress of their support in return for his leaving the existing military leadership in place, along with its freedom to make defence contracts, and deferring any merger with the PLA. In short, Koirala, Delhi and Washington have so far remained united in their determination to keep

the army as their weapon of last resort against the Maoists.¹⁹ As long as this is the case, the prospect of a permanent peace is being subordinated to the retention of the military option, even if this means another round of civil war.

A breakthrough in reform of the security sector might now have to follow a more general forward movement in the overall political situation. This means that the SPA–Maoist alliance, tension-filled though it is, needs to be sustained. A division at this time would make much more difficult a peaceful fulfilment of the key joint demands pertaining to a constitutionally sanctioned restructuring of the state. In this regard the special session of the Parliament on 4 November 2007 played an important role in creating positive momentum. The CPN-M and CPN-UML united to jointly pass by simple majority a resolution demanding a full PR voting system, while leaving open the issue of an immediate declaration of a republic. This resolution could not come into constitutional force without a two-thirds parliamentary majority, i.e., without Congress support. But Koirala was isolated and outmanoeuvred. Over the next one-and-a-half months, amidst warnings of starting a Jan Andolan III to fulfil the ‘majority will’ expressed in Parliament, a deal was finally struck between the ‘big three’ and the interim constitution amended by the requisite two-thirds Parliamentary vote at the end of December 2007. An immediate declaration abolished the monarchy; this act was to be ratified (without voting) by the future elected Constituent Assembly, which would now have a total of 601 seats, of which 240 would remain first-past-the-post constituencies, 335 seats would be decided by PR and the remaining 26 appointed (through consensus) by the Prime Minister; thus representing a roughly 56:40 breakdown, well short of the 100 percent PR demanded. The Maoists also rejoined the interim government, reclaiming the five people-oriented Cabinet portfolios—physical planning and housing, local development, forestry, communications, women, children and social welfare—they had earlier given up, and gaining two junior ministerships. Security sector reform (as had long been promised) would now,

¹⁹ Most Nepalis will support the recent extension of the UN Mission in Nepal to July 2008, to continue to monitor the peace process and oversee the CA elections if and when they take place. But both China and India feel uneasy about the prolonged presence of UNMIN, fearing this might set dangerous precedents for possible UN involvement in Kashmir and Tibet, where widespread human rights abuses certainly exist.

Koirala said, definitely be initiated even if only completed well after the Constituent Assembly elections, now scheduled for 10 April 2008.

What, then, have the Maoists got from this new compromise settlement? Undoubtedly their greatest gain is that they garner the fullest credit for establishing a republic. By pushing the Congress to accept this declaration before the elections they have greatly reduced, though not eliminated, the danger of a royalist army coup, as well as what is called the 'Bangladesh Option'—military rule behind a civilian façade (provided above all by the Congress), posing as a necessary 'stabilizer' and 'protector' in a situation of 'unacceptable' anarchy. Despite the small increase in PR the CPN-M will in all probability remain the third party after the elections. But there is now more chance of it being able to accumulate enough seats to be a 'balancer' between the Congress and CPN-UML, both in the Constituent Assembly and the future governmental coalition.

Is it possible that the rescheduled elections—already twice postponed—could again be derailed? Should this happen it would be an unmitigated disaster. The SPA-Maoist alliance would most probably break up. Royalist groups particularly, and anti-Maoist forces generally (including the Nepal Army), would get fresh impetus as the country plunges into deep uncertainty, with the resumption of civil war and greater anarchy in the Tarai becoming much more likely.

There are three possible sources for such a dangerous denouement. First, security sector reform must begin, or alternatively the Maoists be convinced that this process will become unstoppable after the Constituent Assembly elections. Second, current Madhesi turmoil has created a powder-keg situation in the Tarai. If Madhesi grievances are not seriously addressed, holding elections in the Tarai (and therefore nationally) may prove impossible by the scheduled date. Third, the 'big three' have repeatedly subordinated wider public interests to their particularist ambitions, as reflected in the various political manoeuvrings and shifting tactical alliances in which each has engaged. The public image of all three parties has consequently suffered. Besides widespread hope there is also a significant measure of disillusionment. It remains to be seen how these will play out when the most important elections in the history of Nepal are finally held.

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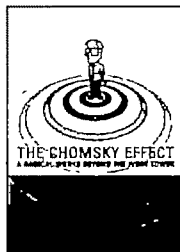
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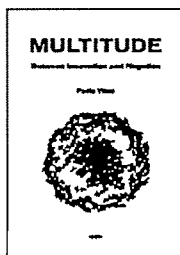


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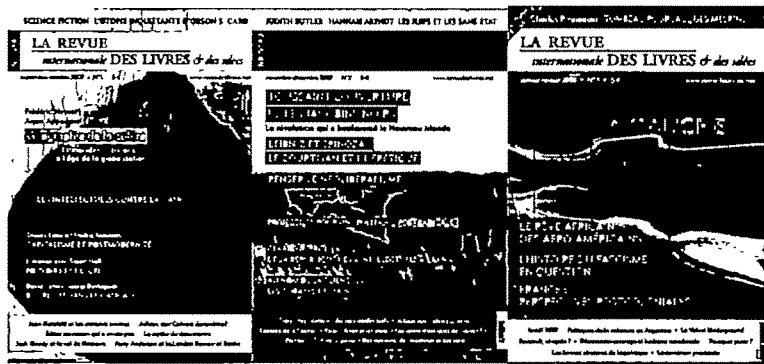
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INTRODUCTION TO ROSSANA ROSSANDA

The history of European Communism has been written in many ways, by participants, opponents, students of the labour movement. Among memorialists, Rossana Rossanda cuts an unusual figure. Born in 1924, daughter of a prosperous notary from Istria ruined in the Great Depression, she entered university in Milan, still quite unpolitical, in 1941. Two years later, with German armies in control of North Italy, and Mussolini's Social Republic installed at Salò, she joined the Resistance, at the age of nineteen. A Communist in the underground, by 1947 she was working full-time in the PCI and rose through the Milan Federation to the Central Committee in 1960. By then she was an editor of the party's influential weekly *Rinascita*. Togliatti, appreciating her gifts, put her in charge of the cultural department of the PCI in 1962, and she was elected a deputy in the Italian Parliament. When the student revolt exploded in 1967–68, however, she expressed sympathy for a movement viewed with suspicion by the PCI leadership, and helped to create the first periodical in the party's history critical of official positions from the left, *Il Manifesto*. Denounced at the Twelfth Party Congress, the Manifesto Group was expelled from the PCI in November 1969, going on to create the independent daily of the same name that continues to this day.

For nearly four decades, Rossanda has been its most individual editorialist and commentator, writing with a cool, unrhetorical tranchant that has made hers a unique signature in the Italian press. Characteristic of her interventions has been a consistent attention to the social, in a culture more typically riveted by the political, in its narrower senses. In 2005, her memoir of the first forty-five years of her life, *La Ragazza del Secolo Scorso*, extracts of which are translated below, was published to widespread literary acclaim. In it, reflecting on her role as a young woman with responsibility in the party, and the hesitations she felt in exercising it, she remarks, in a tone that gives something of the tenor of her memoir: 'Not that women do not love power, they exercise it without mercy in private and against each other. But outside private life, we are tempted to follow, however torn, paths decided by others. We feel extraneous to such decisions, and like Virginia Woolf make a point of this, not without tears and complaints at the upshot. But we rarely question that feeling, because that leads to less violence—and that might be a virtue—but also to less responsibility, which I doubt is one'.

ROSSANA ROSSANDA

THE COMRADE FROM MILAN

THIS IS NOT a history.¹ It is simply what my memory supplies when I see the dubious looks of those around me: why were you a Communist? Why do you say that you still are? What do you mean? Is it an illusion that you are clinging to, through stubbornness, through ossification? Every so often someone will stop me and say 'You were my heroine!' But what does that mean? The cycle of Communism and the Communists in the 20th century finished so badly that it is impossible not to ask these questions. What did it mean to become a Communist in 1943? A Party member, not just a philosophical adherent whose position could be justified with an 'I had nothing to do with that'. I started asking them of myself and searching for the answers—without looking at books or documents; but not without doubts.

September 1939

At the time it did not feel like a rupture. Our family was in the Dolomites, my sister Mimma and I—she was twelve, I was fifteen—looked out for the first autumn colours in the meadows that would signal it was time to leave for Milan. The days went by as normal, while Poland was divided up between the Germans and the Russians; but Poland was far away, the Soviet Union even farther. There had always been a rumble of military news on the radio. The Spanish Civil War had brought us noisy propaganda about nuns and priests with their throats cut, planes taking off from Italy, bloodthirsty Communists, the siege of Alcázar, Teruel, Guadalajara, Madrid. Our family adopted its standard approach: silence and deafness. It was not a question of fear; nobody close to us had been beaten up by the Fascists, and the violence of the Mussolini regime had abated by the 1930s. Ours was a non-fascism, not an anti-fascism; a slightly scornful attempt to stay aloof.

Even when the war began to materialize into tangible things—diversions, shortages, rules—it still seemed to have the character of a natural disaster rather than a human one. I was at the Liceo Manzoni in Milan. I plunged into the works of philosophy my father brought home for me—Eucken, Windelband—lying face-down on the carpet. I was determined to go to University a year early, starting in the autumn of 1941. I had never felt so good in my skin as when I entered that beautiful courtyard in the Corso di Porta Romana. I read History of Art with Matteo Marangoni, Philosophy and Aesthetics with Antonio Banfi. These two teachers remade me: Marangoni taught me how to look at a painting or a statue, indicating with the long shadow of his pointer on the black-and-white slide projection: ‘Look here, and here: how right it is.’ Right—*giusto*—indicated something absolute. His work on Baroque Art has remained one of the great books; it spoke of a time of upheaval, of violence and its rationalization; confusedly, we felt the need to think about such times, that, as Marangoni let us know. Banfi opened the world of the Warburg Library’s thinkers to us: Panofsky, Wölfflin, Cassirer. His approach was the opposite of determinist; he showed us the confusion of the past, the contradictory clashes and collisions that yielded a history that had neither ends nor end, woven between reality and possibility.

Spring 1943

Nobody talked about a ‘lightning war’ any more. Victory proclamations for the Pact of Steel barely masked the increasing indications of disaster. At first the Allied bombing seemed almost unreal. After the sirens had sounded my mother and I stood by the window watching the aeroplanes approaching through the sky. Right above us, one unleashed its bombs. They fell slowly towards us, then gathered speed, exploding just a few hundred yards away. We were thrown back as the window-panes blew in.

A few days later we were huddled in the bomb shelter when the impact of the explosions blew its door off. Dust cascaded onto our heads. We emerged to find our house destroyed. We salvaged what we could and set off, by tram, by cart, to find a place to stay. Eventually we found two rooms and a kitchen at Olmeda, a hill village on the Como–Cantù line, some 30 miles from Milan. The area was full of refugees. My mother

¹ These are edited extracts from Rossana Rossanda’s *La Ragazza del secolo scorso*, Einaudi, Turin 2007, paperback, 978 88 06 18816 0; they are printed by permission of the publisher.

worked for the office of an engineering firm that had been evacuated to Cantù; hers was the only regular income since my father had lost his business in Venice ten years before. I would take the tram back there from Milan in the evening, or stay at a friend's flat overnight.

One defeat followed another through the summer of 1943. The Allies had invaded Sicily but there was no 'defence of the fatherland'. Then, overnight, the regime collapsed. On July 25th Mussolini was under arrest, replaced by old Marshal Badoglio. Monarchists and Fascists fell to blaming each other; all of them—the King, the ministers, the Fascist leaders—were revealed as petty swindlers, the eagles and the laurel leaves as papier-mâché. I was stunned by the sudden dissolution of what had seemed such a powerful state machine. What did the Badoglio government mean? I pounced on the newspaper reports, dissatisfied and suspicious. The whole country seemed to be lying low, scared, wanting to get rid of the Germans, who were there and not there that summer. The first dissenting voices I heard were those of *Giustizia e Libertà*. The information they had was uncertain: papers, programmes, rumours. They were another sort of people, they seemed to take the measure of things according to a different set of dimensions.

September 1943

Badoglio had surrendered to the Allies. For less than a day we believed, with a kind of sad exultation, that it was the end of the war. It was the reverse: the King fleeing to the arms of the Allies in the South, the onset of German occupation in the North. Italy was broken in two like a loaf of bread. The long overcoats of the Germans were everywhere, their harsh orders posted on the walls. The atmosphere at the University was fraught with tension: it was time to choose—to side with the partisans, or to fight against the Allies under German command. The Italian Army had no credibility at all. We were all on our guard, careful who we spoke to, watching who was who.

Later, this period would be rewritten as one of national revolt against the Germans; but for us it was not a matter of patriotic enthusiasm. What national identity had Italy had before September 8th, 1943? The Risorgimento had involved the elites, not much more; if fascism had provided an identity, it had collapsed. We had been a state for two-and-a-half generations; what kind of national tradition starts—at best—with

one's grandparents? The Italians were a precarious people, never tested by the choices it had to make, whether at the time of the Reformation, the French Revolution, or later revolts; the melting pot had never resulted in a fusion. Now, in 1943, the choice was not between Brindisi—where the King had fled—and Mussolini's lair in Desenzano. We had to decide whether to stay with the Italy we knew or work for its collapse: for an end to that Italy which had blurred the border between fascism and non-fascism, and would just have carried on doing so, without the war.

I don't know how I came to the conclusion that it was the Communists who were most sure of what they were doing—or who told me, 'But Banfi is a Communist'. I was so ignorant that I marched straight up to him, between classes. He was leaning against a radiator in the common-room, next to the window. 'Someone said you are a Communist.' He looked at me. I had taken two courses with him; he must have decided that I was what I seemed—someone in need of direction, who had no idea of the lethal import of what she had just said. 'What are you looking for?' I told him about the leaflets I'd seen, about being confused, not knowing. He got up from the radiator, went to the desk and wrote down a list in his tiny handwriting. 'Read these books. Come back when you have done so.' I ran to the railway station and opened the slip of paper on the train: Harold Laski, *Liberty in the Modern State* and *Democracy in Crisis*; Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte* and *The Class Struggles in France 1848–1850*. A book by De Ruggiero, I think. Lenin, *State and Revolution*. 'By S., anything you can find.'

I was astounded. He really was a Communist—a Bolshevik. The images from Spain came into my head. I got off the train at Como and went to the public library. There was a kindly, middle-aged librarian. I showed him the list. He pointed me towards an old filing cabinet. The bottom drawer was unmarked, as if it were empty. I pulled it open. Everything was there, even *Das Kapital*, an Avanti! edition with a red leather cover. Nothing by S.; the only work on the USSR was a travel book by an engineer. I filled out the forms and the librarian brought me the books. 'May I take them home?' He nodded.

The evening tram back to Olmeda was crowded with people going home after work. Next to me were three exhausted labourers, with coarsened hands and blackened fingers. They looked as if they had been drinking; their drooping heads jerked to each movement of the tram. It

was with them that I would have to go. At home I read all through the night, the next day, and the next. From Laski I went on to *The Eighteenth Brumaire*, then *State and Revolution*. I ran a fever. Everything fell into place; it was not so much a discovery as an acceptance which I could no longer defer. It was the end of my well-ordered future, my praiseworthy ambition, my innocence.

I went back to see Banfi. 'I've read it all.' 'Everything?' I nodded: 'What should I do?' He gave me the name of a schoolteacher in Como. She was expecting me, a middle-aged woman with tawny hair and heavy-lidded eyes. She spoke calmly, with a slight drawl. 'You need a pseudonym,' she said. 'You will be called Miranda, alright?' Miranda: what an idiotic name. I was told to look after the sister of a prisoner whose escape was being organized: Luciano Raimondi, an extraordinary partisan. The sister was a middle-aged woman with a startled look. I brought her food, tried to keep her calm. I am not good at looking after people and I was bored, but the escape was a success. The heavy-lidded woman gave me the address of a suitcase shop in Como. The man there would tell me what to do next. He was the centre of operations, I was to work with him. I went that evening. The little suitcase shop was tucked away in a side street. A customer was being served. After he had gone I stepped forward. 'I am Miranda.' The man behind the counter had grey hair, a serious face and clear eyes. He looked at me, questioningly. We were each putting our life into the other one's hands. Many go through life without ever experiencing this kind of relationship, which has no equal; but we did, then and later, wherever we went. His name was Remo Mentasti.

Resistance

By the autumn of 1943 the deportations were no longer disguised as 'work in Germany'. Lorries packed with deportees were driven away in the middle of the night; we heard about the round-up in the former ghetto in Rome. I was often afraid. I never knew whether or not I was being watched. In Milan there were always freshly posted proclamations on the walls from the German military governor, Field Marshal Kesselring, warning that we could be hanged. The thought filled me with horror. We saw the hanged in the public squares: their twisted necks, their elongated limbs. It was not death in itself; we had grown accustomed to that, walking with lowered heads, acknowledging it as something always there. It was the fact that the dead still bore the traces of what they had gone

through, like the pile of bodies stacked, spread-eagled, their mouths and eyes wide open, in Milan's central square. The German and Italian forces kept them there all through a sweltering August day. It was as though we were being made to repudiate ourselves, forced to recognize that we dare not stand beside them and shout out, 'Me, too'.

Every non-vital question was put off till tomorrow. I tried to piece together the bits of information that came my way: Gasparotto dead, Curiel murdered, the botched contacts, the reprisals.² At the same time, I kept up with my studies. Banfi had assigned me a thesis on the aesthetic treatises of the early Renaissance and I was enchanted by the theorizations of light and perspective. And there was a love affair, the only thing that allowed me to imagine a life after the war, just as it taught me not to expect too much; we were trapped inside a cruel and indecisive time. What did it mean to be fifteen in 1939 and twenty-one in 1945? I still feel awkward about not having had a normal youth, not having danced through a single summer. It has made me anxious; probably boring, too.

As well as the luggage shop in Como there were several centres in Milan: street-corner rendezvous, coffeeless cafés, safe houses; and the University. Professor Banfi lived in Corso Magenta and it was natural enough to stroll with one's teacher along the Via Passione to the station. From Banfi I knew about the CLNAI—the Committee for the National Liberation of Northern Italy. Banfi was the only person who would answer all my questions. It was he who told me that Curiel had been shot, by an infiltrator; there were many of them in our ranks.

Sometimes it would get late, the curfew would be about to sound and I would not know what to do with the material I was carrying. At such moments, the people one could not approach seemed innumerable, and the comrades very scarce and far away. A few things accumulated at home: never guns or money, but medicine, cyclostyled leaflets that I had not managed to deliver, old sheets that Mimma and I cut into strips for bandages, rolled up tight. One morning my mother came bouncing into our room very early, in her vest. 'I've got a cold, do you have a handkerchief?' She opened a drawer: 'What is all this stuff?' There were bandages, medicines, heaven knows what. I was dumbstruck, but

² [Leopoldo Gasparotto (1902–44): fought in Lombardy with the anti-fascist group *Giustizia e Libertà*, Eugenio Curiel (1912–45): PCI militant, ran the clandestine *Unità* during the war and the Communist journal *La nostra lotta*.]

Mimma just shrugged it off: 'So?' Our mother may have thought this was just part of our disorderly nature; she shut the drawer and left.

One evening the train to Como was stopped by the Fascist militia, deep in the snowy countryside. Italian voices ordered us to get out with our luggage and stand in line to be searched. I was carrying material for the Brigade section in Val di Lanzo. The third-class compartment was packed with tired people, some standing, some sitting on the long wooden benches. Under their eyes, I slipped the big bag under the seat beneath me. I could not take it out. Nobody said anything. We lined up alongside the carriage. Some militiamen came by with a girl they had arrested, her face ashen. 'What will you do with her?' 'Nothing. She will go to Germany to work.' They looked through our belongings. They did not search inside the carriage. When we got back on the bag was still there. Nobody said a word. Getting out at Como it seemed as if they were all in a hurry to get away from me.

Another time our building in Olmeda was evacuated by the Germans in the middle of the night. They said they were searching for explosives that the partisans had put in a disused railway tunnel that ran beneath. I knew there was no gelignite there, but of course could not say so. As we stood in the cold and dark, wrapped in blankets, I felt some of the others were giving me fearful looks. But though they thought they might be blown up at any minute, no one said anything.

They did not speak, but people were watchful. The Germans could not tolerate the fact that the partisans—*Banditen*—were contending with them for control of territory; but in a country without hope, a guerrilla war is unbeatable. That was why the Germans were so merciless during the round-ups, why they continued to massacre during their retreat. We did not know about the camps, but we saw them at work, their helmets sloping down over their eyes, and we feared them. War against the Germans—or against the Fascists, and therefore civil war? I was amazed at the scandal that exploded later around Claudio Pavone's book, *Una guerra civile*.³ It was obvious that it was both. Who if not Italians—the King, Mussolini, the Fascists—had brought us to this point? Who if not the Italian ruling class had handed us to the Germans? Daniel

³ [Claudio Pavone, *Una guerra civile: saggio storico sulla moralità nella Resistenza*, Turin 1991.]

Guérin's *Fascism and Big Business* was an important work for us; patently, the two were linked.⁴

1944

Did we want a revolution? I rack my brains. We were Communists, we wanted a new country, but we were not preparing for an insurrection. Not where I was, in Milan, even if—I later found out—some of the partisan brigades had hopes of it, both encouraged and restrained by the elusive Secchia.⁵ But radical words and radical deeds are different things. For us, to be a Communist was, above all, to be the most decisive in action—though I got to know some very determined monarchist officers. Those who joined the Party during the Resistance were a particular type, formed during that epoch: decisive, but also resolutely realistic.

On the few occasions that I had dealings with people from other parties in the CLNAI, I felt ill at ease. A heavy-browed Liberal lawyer, a former Deputy, received me with palpable fear. His was the only request that I refused. The Fascist Federale of Como—I think he was called Scassellati—needed someone to look after his daughter in the afternoons. I looked the part, I could pretend to be a Fascist, they could supply me with recommendations. I would listen, pass on information. 'Snoop? No', I said, immediately. The Deputy did not insist. Soon after I did pass on military documents to the Allies. But that was not like going into someone's house, winning their trust and then abusing it. I did not want to play the Mata Hari.

The Party cell structure was very rigid: my contacts were limited to one comrade here, one there, to guarantee the security of the network. As well as Mentasti in Como there was Dionisio, leader of the factory section at Cantù, the largest in the region. Dionisio was younger than Mentasti and more daring; a worker, but nothing like the tired figures I had seen on the tram. Even the older workers I met were not like that. They were watchful, men of few words, as if the practice of clandestinity had become a habit. Though there was nothing much about class strategies in the pamphlets that we managed to print off and distribute, there was always something to be learnt from the older workers: fragments

⁴ [Daniel Guérin, *Fascisme et grand capital*, Paris 1936.]

⁵ [Pietro Secchia (1903–73): PCI militant, political commissar of Communist Garibaldi Brigades during the war.]

of life, struggles, trade unions broken up, comrades imprisoned. From them I learnt of the splits in the Left in the 1930s. But I knew little of the trials of 1937, and of Gramsci, only the name.

In January 1944 the Americans had informed us they could not guarantee air drops during the winter: perhaps it would be better if the partisans came down from the mountains? As if a guerrilla war was an optional trip to the countryside. We were an occupied country, the Germans were hunting down the *Banditen*; those who had gone to fight with the Brigades could not just stroll back home. But the air supplies were not essential, or so it seemed to me. It was the networks in the cities that supplied those in the mountains. General Alexander's communiqué meant that the Allies would not be arriving any time soon; we had to fend for ourselves.

The CLNAI leadership could take comfort from world developments: the Normandy landings, the Liberation of Paris. Coming and going from Milan to Como, I had no such broader view. I made a mistake. There was a girl at the University who used to talk to us and sometimes lend a hand: a beautiful blue-eyed blonde. Once I asked her to look after something for me. We had managed to set up an operation against the Decima MAS unit at Brunate.⁶ They had designs for some new craft, a sailor was going to get me copies of the plans; he had a pass for Switzerland and could get away across the border. I collected the plans and handed them on. It was a day in early October and it seemed sensible for me to disappear for the afternoon. I cycled to Venegono, near Varese, where I could read a hard-to-find Leon Battista Alberti volume in the Caproni Library. Towards evening, as I was cycling home, the blonde girl intercepted me in the central square in Como. Her face was drained of colour. 'Don't go home. I've warned your father'. It turned out she was involved with a German official and had informed him about me. She said I should make a run for it. I was so shocked I could barely take in what she was saying. It was the first and last time in my life that I ever hit somebody—my hand moved of its own accord.

As soon as I had told the comrades I pedalled home at top speed, terrified that my family would have been arrested. I found my father deathly pale.

⁶ [Decima Flottiglia MAS. unit of frogmen, used against Allied shipping during the war and, on land, against partisans]

'I have burned everything I could find in your room,' he said, briefly. 'Is there anything else?' 'No.' 'Who are you with?' 'The Communists.' 'Not the worst,' he said, almost relieved. *Meno male*—I have never understood what he meant by that. Three Germans arrived, two in uniform and a plainclothes officer, a figure of fear in Como. They found nothing. My father and I answered the few questions they put to us. They did not arrest me. As soon as they left my father asked: 'Why didn't you tell me?' 'You wouldn't have let me do it.' It was true, but then I added, 'I would do it again and not tell you anything.' It was cruel of me, not casual like the pain I have happened to inflict at other times. He winced, and left the room. It was the end of the long love between us, the special trust I had in him; the father who gave me books, who discussed all the big questions with me, all the things that mattered. He distanced himself from me and died, two years later, without us ever having talked the same way again.

I have no idea why I was not arrested. Possibly the Germans were after the Decima MAS documents themselves—there were tense relations between the two—and let me go in the hope of turning up some more important connection. That was the comrades' hypothesis, when we were able to speak. In the meantime I was isolated and guilt-stricken. People in Milan looked past me when I saw them in the street. I was summoned by the CLNAI a month later. Fabio was waiting for me in the crowd at Milan's northern railway station; later I would know him as Vergani, secretary of the city's Camera del lavoro. He was a calm, middle-aged man. Without raising his voice, he asked me whether I realized that I had put the whole network in danger by failing to follow an elementary rule. It was a simple and effective dressing-down. I felt a complete fool. His face conveyed what he thought but did not say: the problems that having to work with people like me created for the Resistance.

Vergani indicated that I would be given a signal when relations could resume. It came soon enough; the Germans started to leave the Como area that winter. In Milan there was a new wind blowing. The strikes of March 1945 were strong and almost happy: there were no trams running from Piazza Cadorna and many of the shops were shut. Bulletins from the mountains sounded a completely different note to those of the winter before: many were now going to join the partisans.

It was ending, but the losses were still severe. The short-lived Free Republic of Ossola was crushed by the Germans; the image of the hanging bodies with the signs around their necks at Fondotoce remained.⁷ Then came April 28th, Mussolini's capture by the partisans as he tried to flee with the Germans. The official press and the radio went crazy. Everyone was talking: this was it. We heard about the negotiations that Cardinal Schuster—a sort of Milanese Pius XII—tried to broker. On May 5, the partisans marched through Milan. I saw Parri for the first time in the Piazza Duomo, marching next to Longo.⁸ They were in civilian clothes. There was a kind of pride and happiness that I had never known before, nor ever would again. All around there were crowds of joyous people, climbing onto the monuments, scaling the lamp-posts. It was the same in Como, in Olmeda: the Italian tricolour was flying everywhere and people that you would have avoided the month before now had red scarves around their necks. It was the end of an epoch. Everything would start again.

I saw the bodies, Mussolini, Clara Petacci and the others, strung up by their feet in Piazzale Loreto. They looked done for, their faces swollen and anonymous as if they had never lived. Someone had tied Petacci's skirt up around her knees, out of pity. In front of them there thronged a furious mass of people, women shouting, men white-faced with indignation, screaming out their anger and their impotence: justice had been done by somebody else, on their behalf. There was some derision, but mostly rage. I turned away; it was a necessary ritual, perhaps, but terrible.

Liberation

There is no such thing as a clean war. We came out of it bruised and battered and could not just march away home, like the Russians or the Americans. A civil war does not end at an appointed hour, but only when enough time has passed to leave behind those who will never be able

⁷ [On 20 June 1944, 42 partisans were executed at Fondotoce. The Free Republic of Ossola lasted for 43 days that autumn.]

⁸ [Ferruccio Parri (1890–1981): member of CLNAI, Prime Minister of a unity government June–December 1945; Luigi Longo (1900–80): among founder members of PCI, commander of Garibaldi Brigades 1943–45; succeeded Togliatti as secretary of the Party, 1964–72.]

to forget. There were plenty of reprisals in the aftermath, some petty enough; some—like the case of Neri, a partisan leader, and Gianna, a slightly crazy girl—matters of conscience. Gianna had come down from the mountains a few times and once she was arrested in Como, but released after a few weeks. The partisans suspected her of having talked. Neri defended her. A partisan court, some of them people I knew, condemned the pair and they were executed—shot. I learnt of it from Remo Mentasti, who was in despair. He asked me to intervene, to make sure, at least, that the slur of treason was lifted. I called for an inquiry through the leadership in Milan, but came up against a brick wall; everyone did. Maybe the partisans did not want to admit their mistake; maybe they understood it was unpardonable. When the story of Neri and Gianna was resurrected in the 1970s I did not intervene. In 1945, nothing about that story had convinced me, but I did not think about leaving. I am not proud of it; nor repentant.

The Brera Picture Gallery had reopened and that winter we unpacked the books for its archive, hurriedly crated away during the Allied attacks. We worked amid jubilant disorder, stopping to read squatting on our heels as the precious volumes came to hand. There was a sense of movement in the air; painters, writers, photographers congregated at the Bar Giamaiaca outside the Brera. I graduated on February 6th, 1946. On February 7th I found a job, editing for the Hoepli Encyclopedia, and that evening I enrolled in the local branch of the Communist Party. It is not easy to recapture the way we thought then, buried as it is under the century's rubble. We were sure—I was sure—that only socialism, an end to the rule of big capital, would bring freedom from oppression, colonialism, fascism, war. Yet there was no expectation of imminent revolution, as there had been after the First World War. We were visibly, if amicably, occupied by the Americans, to whom the partisans had had to surrender arms. In 1945 the most compelling need was to put everything back in motion, to rebuild: Milan was devastated, the country was desperately poor. We had been cut off from the world for twenty years under Fascism; before that there had been the frivolous *Italiotta* of the belle époque. The 20th century had been denied to us and now we tore into it like hungry young leopards—not just American and Soviet culture, but the whole of modern Europe. We discovered the art of the 20s and 30s amid the rubble of the postwar era: the books—my heart stopped when I picked up Marcel Raymond's *De Baudelaire au surréalisme*: a work long

sought comes to seem the key to every lock—the music: the first Marion Anderson 78s, the first *swing*; the films; the theatre. We were swept away, and at first did not notice the re-imposition of censorship, this time by the Church.

It was a time of ferment; there was a wonderful gaiety in the air. The main office of the Einaudi publishing house in Viale Tunisia was a meeting place for all sorts of writers and editors, who read, published, ate and slept there—Giulio Einaudi, Pavese, Calvino, Cerati,⁹ Vando Aldrovandi. I am still embarrassed to recall the first talk I did for them, on Hemingway; I hardly knew what to say. At midnight we used to go to *L'Unità's* office in the Piazza Cavour, to pick up the first edition of the next day's paper. Elio Vittorini was still the editor there, though soon he would leave, following a tirade from Togliatti, and set up *Il Politecnico*. If the name recalled that of Carlo Cattaneo's 19th-century journal of Piedmontese revolutionary-republicanism—in contradistinction to the Roman line of descent, from Labriola, Croce, Gramsci—what Vittorini and the others were really thinking of was Paris, New York, 1920s Berlin.¹⁰ It was the first clash—pitting not so much practical party men against intellectuals, but two ideas, political as well as intellectual: Milan and Rome. We stressed the links between Communism and modernity, Communism and the avant-garde; Rome and Naples, those between Communism and national formation; Italian tradition. We were more interested in big industry, Rome in the peasant struggles of the South against the latifundia. Florence was in between, with Luporini and Muscetta's journal *Società*; or so it seemed to us at the time.¹¹

Rome did not understand, we told ourselves, with a presumption that consorted all too well with a certain opportunism; for among the northern intelligentsia there was a feeling—not least among non-Communists, as a legacy from the joint Resistance—that it was necessary to keep in step with the backwardness of the South. (And I was taken aback by how narrowly the referendum on Republic or Monarchy passed in the

⁹ [Roberto Cerati: an editor at Einaudi from 1945.]

¹⁰ [The original *Il Politecnico* was founded by Cattaneo in Milan in 1839 as a journal of revolutionary republicanism. Vittorini's was published between September 1945 and December 1947.]

¹¹ [*Società*: founded in 1945 by a group of Communist intellectuals including Cesare Luporini and Carlo Muscetta; ceased publication in 1961.]

summer of 1946, despite the ridiculous spectacle of the runaway King.¹²) So Milan stood aside, so to speak. Vittorini withdrew from *L'Unità*. Banfi nearly had to shut down *Studi Filosofici* after protestations from the French Communists over its defence of Sartre against Jean Kanapa's attack. On the broader question of education, however, there was still a mutual understanding. Neither the enlightenment tradition nor the avant-garde were 'popular', but for a while that did not seem to be the most important problem. The people had been cut off, excluded; access to culture was a matter of privilege. There was no concession to populism and provincialism, but rather a common assumption that neither people nor culture could stay the same.

The Communists and Socialists of those days came in many stripes. The Socialists of Milan had an aura of heresy about them, thanks to Lelio Basso and Ricardo Lombardi, both of them somewhat suspect in Rome: the first for being Luxemburgist when no one else was, the second for having proposed a flat tax on shares when Rome was very careful not to create any trouble for Bresciani Turroni at the Constituent Assembly.¹³ Rodolfo Morandi was regarded with suspicion by the PCI for raising the question of workers' self-management councils after the war.¹⁴ But the Milan region failed to provide any great national political leaders, least of all on the Left. The only Lombards who counted on the national scene were products of Milan's Banca Commerciale, which stood in splendour opposite the run-down Palazzo Marino, the City Hall. The Socialist Mayor, Antonio Greppi, with his perpetually heartfelt expression, sat behind an ugly desk awaiting its resurrection while the Banca Commerciale's saturnine chief, Raffaele Mattioli—who maintained close relations with Togliatti and Piero Sraffa, via Franco Rodano—was elegantly enthroned in the building across the street, with a stack of not-at-all financial books

¹² [In June 1946 the Italian referendum decided for the Republic by 12 million to 10 million, with the South favouring a monarchy. Although the parties of the Left won 219 seats in the 1946 Constituent Assembly election, compared to 207 for the Christian Democrats, Togliatti and Nenni accepted minority roles in De Gasperi's coalition government, which retained the Lateran Treaty with the Vatican and the Fascist penal code.]

¹³ [Basso (1903–78): PSI member and Resistance fighter; edited Italian edition of Luxemburg's *Political Writings* published in 1967. Lombardi (1901–84): Resistance fighter, joined PSI in 1947. Costantino Bresciani Turroni (1882–1963): economist, appointed head of Bank of Rome in 1945.]

¹⁴ [Rodolfo Morandi (1903–55): militant in Giustizia e Libertà and PSI in Milan.]

on the table.¹⁵ Nearby, in an ex-workingmen's club in Via Rovello, was the Piccolo Teatro where Giorgio Strehler and Paolo Grassi were initiating an Italian version of Jean Vilar's Théâtre National Populaire. There was enormous confusion. Milan was still full of potholes and rubble, there were barely any streetlights, crime was rife; but everything was safer than during the war. Compared to the Kesselring posters, the piles of dead, the hanged—we could live with the peace.

Party work

By February 1946, when I enrolled in my local branch of the PCI, the membership had changed. The clandestine network and the partisans had been submerged within a broader layer. I recognized some who had toiled away during the war, but there were many who had not, who had submitted to events under the Germans but who were now looking for a bearing. It surprised me that the doors were so wide open, the procedures for admission almost non-existent. It was certainly not the party of Lenin.

It was then that I discovered the world of the big industrial plants: not the little workshops of Cantù or Brianza, but the high walls and vast assembly shops of Innocenti, Alfa and Borletti in Milan; of Breda, Marelli and Falck in Sesto San Giovanni. Typically, the entrance to these factory gates would be ploughed to mud by truck tyres and the tramping of feet, as if the city had pulled back twenty yards from the plant, or vice versa. The factories always had a half-built look: concrete and corrugated iron behind the wooden frontages or the fretwork of the 1900s. Until the Olivetti buildings in Ivrea, there was no sign of the modern movement: the factory was not architecture, just a container. The only beauty lay in the machines; an oily rag among the steel rods was the trace of a worker who would help the parts move to a smoother beat, a tempo of their own.

We went there with the Party paper, to discuss and to recruit. At first some of the big factories were open to us, and we would set up shop in the plant's trade-union office, or wait for the workers to come out into the chilly sunshine at midday to eat what they had brought from home.

¹⁵ [Franco Rodano (1920–83): Catholic anti-fascist, part of wartime Movimento dei Cattolici Comunisti.]

At Innocenti, the workers' management council seemed to run the company. It was led by Muneghina, a highly intelligent comrade with a biting Lombardy wit. He amused himself by running after us with the big hook that hung from an aerial chain, sometimes hoisting us up into the air on it for a few yards. For the workers, the factories they had defended from transfer or sabotage during the German retreat seemed rightfully theirs—and therefore ours; Italy's. The women workers—grey-faced, with drawn features and iron-clad perms—were harder to get to talk to. They were always in a rush, hurrying to clock in on time in the morning, hurrying out to buy milk before the shops closed, or hurrying home to prepare the next day's lunch box at night. When the factory siren sounded the whole workforce would rush towards the trams, for the city's reconstruction had expelled them to the outer suburbs and they travelled in every morning in carriages befogged with breath and steam.

Party meetings were held in the evenings, often in the basements of the old council estates that formed a big belt around Milan, outside the *case di ringhiera*, the 'banister houses'. On one side of those courtyards there would be a door marked with the hammer and sickle, or a notice of the last meeting. Down a few steps, and you would be in the entrails of the building, with pipes running everywhere, the walls repainted by decorator comrades and the table covered with lengths of red cloth that would be carefully folded and put away at the end of the meeting. Often the room was completely full but more people would come hesitantly down the stairs, curious to see what the Communists were like, and end up perching at the back. The branch secretary's report would begin with a summary of the world situation, followed by a survey of international and domestic events, and an account of decisions taken by the leading bodies and the Central Committee; it covered everything down to the branch telephone bill. Of course there was something schematic in the transposition from world stage to Milanese suburb, from historical event to the corresponding Party resolution; but it was an enormous acculturation.

The report was followed by a discussion, which was never very long, or much of a debate. When someone took the floor to challenge the Party line—always from the Left, arguing that the Togliatti leadership was making too many concessions—others sprang reflexively to its defence, and not only from the speakers' table: anything to avoid dividing that embryo of another Italy that joined people together, saving them from

the isolation of the big city, the factory floor. This was the solid reality of the party that was slowly worn down in the 1970s and 80s, and destroyed by the political changes of 1989; a tired but living network that organized people of the left within another tradition, counter-posed to the homogenization of the mass media.

The people who packed the basement meetings, tired after the day's work, or went from door to door getting membership cards stamped, were workers, teachers, engineers, some students; mostly poor, though not all; and neatly dressed—where there was real poverty there was no *faux* pauperism. Although exploited and oppressed, they had the simplicity and self-confidence that came from being sure they understood, better than most, the laws that made the world go round. And since they were convinced that they always fell below their own ideals, they were also moralistic, stern with others and with that part of the self which risked being the other. I came down like the rest, listened, spoke occasionally, took on my share of the tasks. I learnt a lot. I was not always persuaded, but that seemed normal to me. I was no longer an adolescent, I did not seek or find a form of religiosity there. My formation was one thing; that of the speaker, or of those sitting next to me, was another. I never thought they had to coincide. This was the Party I belonged to in the postwar period.

In the cold

The bright days proved shortlived. In May 1947 De Gasperi broke up the postwar coalition, evicting the Left parties from government. The branch secretary's report had as its background Churchill's speech at Fulton, then the Truman doctrine. The Allies were pitted against each other, and we felt the brunt of the Cold War in our daily lives. The ground was shifting under our feet; we were thrown on to the defensive and had to get used to the police breaking up our meetings, beating us up; though if they got penned into a courtyard, they could get thrashed themselves. The judiciary went on the rampage, armed with the Rocco Code. Soon we needed a permit even for indoor meetings, and when a dispute started in a factory stones would fly and windows shatter.

The April 1948 elections were a turning point. I doubt De Gasperi believed his own propaganda, that the Communists and Socialists would impose a godless dictatorship, that we were just waiting for the

right moment to liquidate democracy. He was intelligent and well-informed enough to know that, in those times and with all those American bases, a revolution in Italy was not conceivable. But he feared our strength, our influence. In reality, it was the PCI that risked being ruled out of the democratic process, and many in Milan and Lombardy thought that if the Left won it would be the bourgeois state that would overturn the vote.

It was my first, terrifying electoral campaign. The villages of lower Lombardy glide past in my memory. Every time the car deposited me in one of those squares, my stomach knotted: what am I doing here? I would launch myself at the audience in a cold sweat, scrutinizing the serious, impassive faces, workers and others, farmhands in their overalls, to see if the 'girl from Milan' could make them feel they were not alone. It was a strange sensation. We were strong, the only organized party; but surrounded by a sea of priests and madonnas, whose gilded statues were taken from place to place to exorcize our baleful influence. The vote count was terribly slow, it went on for days. The first few provincial seats went to the Christian Democrats, then those in the towns; and then the flood—DC, DC, DC. After a third of the votes had been counted, the DC were far ahead of us. We couldn't believe it. Even in the working-class districts, we came in below the most pessimistic forecasts. It was a hard blow, a decisive defeat that would install the Christian Democrats as the dominant political presence for decades to come. We were out of government, the permanent opposition—even when the PCI began to score a large plurality of the vote. We did not know then about the *conventio ad excludendum*, keeping the Communists out of any Italian government; that would be formalized later, in step with the struggle between the two superpowers, the creation of NATO, the sordid conspiracies of Operation Gladio.

New spring

The 1960s were more interesting. In Italy these were years of rising labour struggles, of chaotic urban growth. For us, 1968 began in 1967, in the Architecture Departments of Turin and Venice; exploded in Trento with the occupation of the Sociology Faculty, and spread nearly everywhere from December throughout 1968. I was fighting the government's disastrous university legislation in Parliament when the student movement began

to take off. I plunged into the protests, all the more sympathetic to the students' demands because of the disparagement we had started to receive within the PCI for raising criticisms of the Communist leadership—over the 20th Party Congress, Hungary, the Sino-Soviet split.¹⁶ Meanwhile, the international scene was in tumult, and it all seemed part of the same wave: Hanoi resisted the American escalation and went onto the counter-attack, and it was clear the Soviet Union was providing material support; Dubček was trying to put in place a form of socialist democracy; while China was actively posing the question of what post-revolutionary society was. The PCI leadership had sided with the Soviet Union since 1960, and could see nothing in the Cultural Revolution but a struggle for power at the top of the CCP—i.e., nothing at all. The films of Godard and Bellocchio registered the historical scale of the Chinese turmoil far more powerfully than did the Central Committee.

Everything began to pick up speed: Vietnam, Czechoslovakia, China. Europe watched in a daze as its youth came out onto the streets, articulating things that had never been said before. At the beginning of May Nanterre erupted, rapidly spreading to Paris and becoming a symbol for the whole world. Within weeks, France was paralysed by a general strike. I went with friends; we camped at K. S. Karol's house, went down to the barricaded Latin Quarter and spent the first evening at the Odéon, packed like sardines. Everyone had the right to take the floor. 'Let them speak!' was the cry when someone stumbled, struggling to express the subjectivity of atomization. By June, as we made our way back to Milan, the clouds were already beginning to gather over Prague. Around midnight on August 21st Alfredo Reichlin phoned me from *L'Unità*: Soviet tanks were entering the city. Karol and I ran to the Cuban embassy. The ambassador was expecting the condemnation from Havana at any moment. The next morning Reichlin called me again: 'Your friend Castro is not condemning the invasion.' The days that followed were feverish. In Prague the Soviet troops were greeted with incredulity; unlike in Budapest, there was no resistance. When the Czechs berated the soldiers who stuck their heads out of the turrets: 'But why are you here?', they did not know what to reply.

¹⁶ [On PCI debates in this period, see articles by Perry Anderson, 'Debate of the Central Committee of the Italian Communist Party', *NLR* 1/13–14, January–April 1962; Lucio Magri, 'Italian Communism in the Sixties', *NLR* 1/66, March–April 1971; Luciana Castellina, 'Il Manifesto and Italian Communism', *NLR* 1/151, May–June 1985.]

There was uproar at the PCI's 12th Party Congress in February, the first since the invasion. The leadership's document was ambivalent on everything: students, the internal situation, Prague. I was the first of our group to take the microphone: 'We are gathered here while the army of a country that calls itself socialist is occupying another socialist country'. Bam!—the entire Soviet delegation got up and left, led by Ponomarev, who had been at my place in Milan often enough. The other delegations followed suit—all except the Vietnamese; we thought this significant at first, until we found out they were having problems with the translation. The silence from the presidium was glacial, but there was a huge ovation from the floor. It was the same when Aldo Natoli spoke, attacking the PCI's lukewarm attitude towards the social struggles; and Luigi Pintor, who assailed the ossification and authoritarianism of the inner-Party regime. By the end of the third day we knew how strong our support was, although far fewer would vote for a document we put up against the leadership's theses—so as not to divide the Party; so as not to expose ourselves, as a minority; all the usual reasons. I was the only one with a voice on the Policy Commission who could argue for permission to put our document to the Congress; we got the go-ahead. We would get a derisory amount of votes—but still.

Then Berlinguer spoke—the inauguration of his *de facto* leadership.⁷ He acknowledged in passing several of the points we had been raising—though nothing about the Soviet Union. But the Congress delegates saw it as a possible opening towards our views. The few comrades who had wanted to vote for our document all clustered round me, their faces friendly, worried: they wanted to put their faith in the new General Secretary. I presented the document to the Congress, and explained why we would not be putting it to a vote. Not a glorious moment. My uneasiness was increased by the sudden warmth of the applause all around me, for declining to take an oppositional stand. I left the podium, picked up my bag, and walked out of the hall.

The next two months were unbearable. How could so much conservatism have accumulated within the Party? It still seemed something new—it was not predetermined that the Party would respond to 1968 by withdrawing into its shell. As for the Soviet Union, it was not even capable of keeping its own camp in order without the use of arms. It had

⁷ [Enrico Berlinguer (1922–84): PCI militant from 1943 onwards, general secretary of the Party from 1972 until his death.]

nothing to say on what was to be done in the ex-colonial countries, and limited itself to supporting a dubious progressivism in the Middle East. It was no longer a besieged fortress, yet still exhausted itself pursuing the arms race; and all the time undermining itself from within. By 1969, nothing could be hoped for unless there was a profound change in the Soviet leadership; the masses had become anaesthetized—not through terror, through scepticism. As for the Italian Party, the living body to which I had linked myself since 1943, with whom I had travelled all these years—what stage of suffering, of desire and powerlessness, had it now reached? I had grown used to operating within it as if playing on a great keyboard, one that registered my touch and sent messages in response. Now I had been distanced from its keys. But we had not given up on the Party: there was still the hope that we had lost a battle, but not the war. Why not go on the attack, launch a new monthly journal? We had nothing to lose.

The idea of *Il Manifesto* came first and foremost from Lucio Magri. Pintor, Natoli, Luciana Castellina, Eliseo Milani and I were with him from the outset, others came on board once it got started. We found a small publisher in Bari. Our blood was starting to pulse once more. Out of fairness we had to keep the Party informed. I was sent to speak to Berlinguer: 'We're starting a monthly review. I haven't come to get advice, because you'd say no; I have come to let you know'. He did not get angry with me, partly because he rarely lost control but also, perhaps, because he was thinking it through. He knew who we were and that we would get a hearing: 'Explain what you want to do.' I told him. He advised against, without much ardour; he understood that we had made up our minds. 'Do you think there will be any disciplinary sanctions?' I asked him. 'That I would exclude.' I took my leave, promising to show him the first proofs.

June 1969

We spent hours discussing the new journal's name before we finally settled on *Il Manifesto*—thinking of 1848. All of us wrote contributions for the first issue. I sent the proofs to Berlinguer, who rang me straight away: 'And you call this a journal of analysis? It's nothing but political interventions.' 'It's the same thing.' He asked me to postpone the launch for a fortnight, he wanted to attack the invasion of Czechoslovakia at the Moscow Congress and the last thing he needed was the CPSU waving

our magazine in his face. Agreed. The first edition of *Il Manifesto* came out at the end of June and sold some 32,000 copies, soon rising to 80,000, making a small fortune for the Bari publisher. Berlinguer rang me several times in August. He did not want to expel us, and proposed a series of compromises: *Il Manifesto* could continue, but with someone from the leadership alongside us on the editorial board. It was not a route we could take. A journal is not an anthology.

It was Magri's editorial for the September 1969 *Il Manifesto*, after the first anniversary of the invasion of Czechoslovakia, that brought things to a head: 'Prague is Alone' argued that the Dubček course had been too much for Moscow, too little for Washington. All hell broke loose. The Central Committee was convened and formally requested *Il Manifesto* be shut down. The paradox was that the Italian 'Hot Autumn' of 1969 was just beginning. Instead of starting up as usual after the holidays, factory after factory was being occupied by the workers, with the massive Fiat plant in the lead. Yet the PCI was entirely concentrated on our case. The Hot Autumn was the largest, most sophisticated industrial struggle since the War—not just a strike, but a matter of the workers taking the entire production process into their own hands, elbowing the management hierarchy aside. And these were not an experienced cohort, tested by decades of repression, but young workers, often without qualifications, whose education had come from the chaotic development of the society they had grown up in; who had taken something from the resounding student protests of the year before and made it their own.

Was it revolution the young workers had in mind when they marched in through the factory gates and took over the assembly lines? The decision ran like a spark from plant to plant: they fought to change their workplace, to keep it in their hands. They shook off the habit of obedience. When they spoke in the assemblies, the union leaders had to queue up for the microphone like the least skilled worker, just as at the Odéon in Paris the year before—but without that sense of atomization. They were in their own place; they talked about how things had been done up till now, what they could not take, how things could be done. The stakes were very high; for capital there could hardly be a greater challenge.

The media knew it. At first they were pleased to see the PCI and the unions bypassed, then they were frightened. This was different from the university occupations the year before: not a children's rebellion, but a

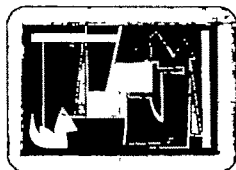
refusal of the only way the establishment could imagine factories being run. They were shocked that Fiat could be run by its subordinates, that factory workers could discuss production issues on the different assembly lines and come to an agreement, without the management having any say. If the students' mockery in 1968 was unpardonable, so too was the workers' unveiling of the shabby power mechanisms that underlay industrial production in the Hot Autumn of 1969. The more so since in occupying the factories the workers provided themselves with a platform, with the direct election of their delegates.

Autumn 1969 was, I think, the only time in the post-war era that the potential of a struggle at the heart of the system of production seemed—for a moment, was—unlimited. Europe was still shaken by 1968, the United States by the movement against the Vietnam War; echoes of the Chinese Cultural Revolution still reverberated. Latin America was in turmoil, torn between guerrilla warfare and military juntas. It was an acute crisis, in a common climate both universal and unorganized; a shudder that ran from one social sector to another. Only the Soviet Union was not traversed by the shocks of 1968 and 69; further proof of its sclerosis.

The explosion of 1969 was the rationale for *Il Manifesto*. The PCI could not have given leadership to that insurgency without besieging the means of production on an ever-expanding scale; it would need to take powers of decision over property without spurring a flight of capital. It was not easy—but nothing was tried, nothing was thought, not even one step forward from that Keynesian ambit in which the PCI had developed; and which would itself soon be overthrown. It is those years that explain the present. On November 24th, 1969 the Central Committee was reconvened to vote on our expulsion. The formula they used meant that we were not enemies, sell-outs or spies. It was just a difference of approach. Berlinguer told me that there would be no time limit on my intervention after the report. At the entrance to the hall he took me aside: 'There is still time.' 'To make a gesture of obedience?' 'No, a gesture of loyalty.' I spoke for about forty minutes, as did Aldo Natoli. They did not forgive his remark, 'You don't need a Party card to be a communist.'

No, you don't need a card to be a communist; but to lead a country you need a mass party. The PCI was not that party, or not any more. At least

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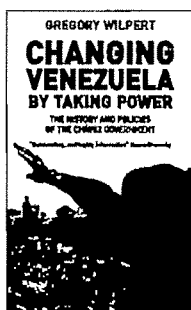
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VERSO

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DENNIS RODGERS

A SYMPTOM CALLED MANAGUA

IN A FAMOUS essay entitled 'An Illness Called Managua', the Nicaraguan poet Pablo Antonio Cuadra contended that the city was paradigmatically 'the reflection of [Nicaraguan] society, of its grace and its bitterness, of its vice and its beauty, of its history and its community'.¹ Managua's recent development also provides a perspective on the dramatic transformations that the country has undergone over the past decades: from corrupt dictatorship through popular insurrection and social reconstruction, rapidly choked off by Cold War intervention and economic crisis, to a Miami-style restoration and a new growth model led by narco-trafficking and Free Trade Zones. A study of Managua's changing morphology and socio-economic trajectory suggests that the city is less an 'illness' than a symptom of this pathologized development path.

Sprawling along the southern shores of Lake Xolotlán, the city presents a strange landscape: a humid basin, filled with foliage and vacant lots, with sporadic developments thrown up apparently at random, punctuated by low hills and lagoons formed in the craters of extinct volcanoes. An eruption from one of these 10,000 years ago preserved the footprints of the site's first settlers in the *barrio* of Acahualinca—one of the earliest such settlements in the Americas. Prior to the Spanish Conquest in the 16th century, the region was inhabited by a mixture of indigenous groups who had migrated both from Mesoamerica and from lands to the south, but the demographic collapse wrought by colonialism meant that *mestizos* soon came to dominate in numerical terms. During the colonial era and for decades after Nicaraguan independence—formally declared in 1821, but only fully obtained in 1838, with the dissolution of

the United Provinces of Central America—the country's principal cities were the colonial centres of León and Granada, respective headquarters of the feuding Liberal and Conservative factions of the oligarchy. Managua was designated Nicaragua's capital in 1852, as a compromise between the two, but it remained relatively marginal until the middle decades of the 20th century.²

It was under the dictatorship of Anastasio Somoza, head of the US-trained National Guard, that Managua assumed its national prominence. Somoza seized power in 1936, after murdering Augusto César Sandino and crushing the popular movement he had led against the 1912–33 US occupation of the country. Somoza established an authoritarian regime that was to prove Central America's most durable, and among its most kleptocratic. He and his sons ruled Nicaragua until the 1979 Revolution, operating through the military and political apparatus of the National Guard, manipulating government contracts and siphoning off loans and aid to secure a commanding position in the country's economic life. They eventually amassed a family fortune estimated at \$500 million, as well as 1.2 million acres of landholdings and direct ownership of 200 companies.³ Political stability was assured by a tacit pact between the Somozas and the traditional oligarchy, both Liberals and Conservatives, behind a constitutional façade, enabling all three groups to share the spoils, albeit unequally, during the growth years of the 1950s and 60s.⁴

Nicaragua's export earnings—gold, coffee, cotton—funded a degree of industrial expansion. The population of Managua rose to over a quarter of a million by 1960.⁵ Its bustling downtown—the playground known as 'Salsa City'—was packed with bars, dance-halls and cinemas that became a magnet for wealthy tourists from all over North and South

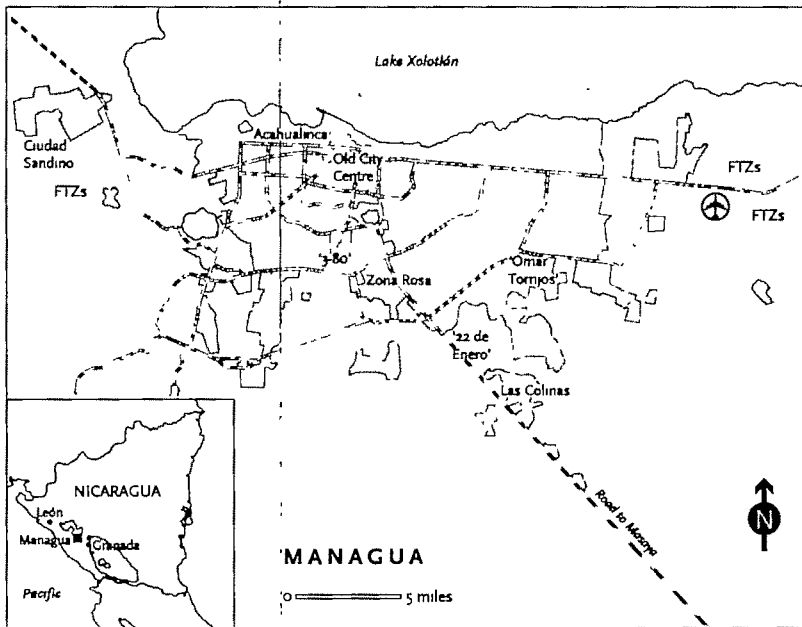
² Pablo Antonio Cuadra, 'Una enfermedad llamada Managua', cited in *La Prensa*, 13 December 2002.

³ In 1900 León's population of 30,000 was still larger than Managua's; Granada had declined, having been burnt to the ground in the 1850s by the US filibuster William Walker who, invited in by León's Liberals, briefly made himself President of the country.

⁴ John Booth and Thomas Walker, *Understanding Central America*, Boulder, CO 1989.

⁵ Francisco Mayorga, *Megacapitales de Nicaragua*, 2nd edition, Managua 2007, pp. 37–9.

⁶ Bryan Higgins, 'The place of housing programs and class relations in Latin American cities: The development of Managua before 1980', *Economic Geography*, vol. 66, no. 4 (1990), p. 380.



America. The majority of the population growth, however, occurred in the ever-expanding informal settlements on the city's periphery, as small tenant farmers were driven from the countryside by the mechanization of agriculture for export. The 60s boom also created a large if precarious urban middle stratum of small-scale entrepreneurs and shopkeepers, skilled service and white-collar workers, teachers, lower-rank administrative officials and so on, that made up nearly a fifth of Nicaragua's workforce by the early 1970s—layers that were highly exposed to arbitrary predations by the lower ranks of the Somoza clan's retinue and the National Guard.⁶

Managua's population had reached nearly half a million by 1972, when a devastating earthquake killed at least 10,000 people, destroyed 75 per cent of its housing, 90 per cent of its commercial buildings—including most of the centre—and left 300,000 homeless. Although international aid poured in to help rebuild Nicaragua's shattered capital, little reconstruction actually took place. Anastasio Somoza—younger son of the original dictator, who had been assassinated in 1956—appointed

⁶ Harald Jung, 'Behind the Nicaraguan Revolution', *NLR* 1/117, pp. 72–3.

himself head of the reconstruction committee and awarded his own companies over 80 per cent of the building contracts; but only a fraction of these were ever completed as Somoza pocketed the money himself. Downtown Managua was virtually abandoned and most rebuilding took place on land in the south and south-east of the city, owned by Somoza and his cronies.⁷ As a result, 'the central core took on a post-apocalyptic look', while:

Much of the development [that did take place] can be characterized as leap-frog in nature, as the Somoza gang leaped over lands it did not own in favour of developing parcels it did. This gives the city the appearance of a deformed octopus. The tentacles of the octopus reach out along major transport arteries away from the old centre, but the octopus's body is riddled with gaping holes. The rebuilding produced a sprawling city that made travel for the vast majority of the city's residents increasingly difficult.⁸

The criminal corruption displayed by the Somoza regime—and brutally enforced by the National Guard—in the aftermath of the earthquake played a major role in intensifying resistance to it. The elite compact came apart as Conservatives with interests in the construction industry lost out on their share of rebuilding contracts to the Somoza clan. Spiralling inflation, rising taxes and falling real wages brought the exposed small sectors of the economy to near collapse. Elite opposition, rallied in the UDEL, looked to the Carter Administration in Washington for support in ousting a dictator who had become such a patent liability.⁹ But the Democratic Congress continued to vote military funding for the National Guard, and—even as the latter were subjecting the civilian population to aerial bombardment and artillery fire—Carter sent a personal letter to Somoza congratulating him on the human rights situation in his country.

The only force in Nicaragua capable of countering the aggressions of the National Guard was the ex-Guevarist Frente Sandinista de Liberación Nacional (FSLN), founded in 1961. By the mid-70s the Frente had abandoned their failed *foco* strategy and were attempting instead to

⁷ Julio César Godoy Blanco, 'El proceso de estructuración urbana de Managua: 1950–1979', unpublished PhD dissertation, Department of Sociology, Universidad de Costa Rica 'Rodrigo Facio', 1983.

⁸ David Wall, 'City profile: Managua', *Cities*, vol. 13, no. 1 (1996), pp. 48–9.

⁹ The Unión Democrática de Liberación (UDEL) was founded in 1974 by Pedro Joaquín Chamorro Cardenal, scion of a prominent Conservative family and editor of Nicaragua's leading newspaper *La Prensa*, in order to provide a focus for the burgeoning elite opposition to Somoza.

build mass urban bases, while continuing guerrilla actions against the National Guard. Their minimum programme was the nationalization of Somocista property—some 60 per cent of the economy—and the dissolution of the National Guard. From October 1977 the FSLN stepped up their attacks—temporary occupations of towns, holding political meetings, recruiting fighters, seizing weaponry—while seeking alliances with the Church and with the UDEL Conservatives. Meanwhile a ‘Group of Twelve’ bankers, industrialists, priests and university teachers from the Conservative elite declared that the FSLN had to be part of any solution; many of the sons and daughters of old Conservative families went to join the guerrilla. In late 1978 an FSLN-led insurrection was beaten back by the National Guard. A general strike was launched in June 1979. The FSLN took more territory, in fierce fighting. By July 1979 they had encircled Managua. Somoza fled to Miami on 17 July, and the FSLN took the capital two days later.

Sandinista city

Downtown Managua was still in ruins after the earthquake, and much of the city suffered terribly during the revolutionary uprising. Members of the new Sandinista government, installed in one of the remaining office blocks, looked out across the uncleared rubble.¹⁰ The city’s population had almost doubled since 1972, swollen by war and economic crisis; unemployment was estimated at 60 per cent and urban infrastructure had virtually collapsed. Capital flight in 1978 was estimated at \$233 million and GDP shrank by 26 per cent in 1979 alone.¹¹ The FSLN-led junta nevertheless drew up ambitious plans to reconstruct and transform the city: creating a park in the old centre, planting trees, painting murals. Strategies were set in place to upgrade informal squatter settlements and rebuild infrastructure. With Cuban help, an overall building regulation plan was drawn up for the city in 1982 which laid out the framework for land use, establishing different zonal categories—residential, commercial, industrial, parkland, mixed—and stipulating restrictions concerning construction, population density and right of way.¹² Low-cost housing for the poor was a major priority: by 1983 over 8,000 serviced

¹⁰ Wall, ‘Managua’, p. 48.

¹¹ Jung, ‘Behind the Nicaraguan Revolution’, p. 85.

¹² The 1982 *Plan Regulador de Managua* prepared the way for a longer-term Urban Development Scheme (*Esquema de Desarrollo Urbano de Managua, 1987–2020*), drawn up in 1987 with technical assistance from the Cuban Central Planning Board, but never implemented due to lack of funds.

lots had been constructed in preparation for large-scale self-help house-building programmes.¹³ It was on the basis of such initiatives that the Sandinistas won 66 per cent of the vote in the 1984 elections, despite the dire state of the economy and a developing civil war.

Only a few of the house-building programmes were ever completed, however. Former National Guard fighters had regrouped as *Contrarevolucionarios*, operating from bases in Honduras and heavily armed by the Reagan Administration. Fuelled by Washington's dollars, the Contras' ranks swelled from 500 in 1981 to 15,000 in 1986. The Sandinistas' ambitious development plans for Managua ground to a halt, as the state's meagre resources were re-channelled towards the pressing needs of food production and national defence, with an estimated 60 per cent of the budget going to the military by the middle of the decade. Contra terror and capital flight brought about a further contraction of the economy: direct damage from the Contra war was estimated at \$1 billion and its indirect economic costs at \$3 billion; the US economic embargo was illegally enforced by the mining of Nicaragua's harbours. The situation worsened still further after 1985, with the onset of world recession and rising interest rates; the national debt spiralled and hyperinflation took hold. In 1988 the FSLN themselves introduced draconian austerity measures: 50,000 public employees lost their jobs and wages fell to the level of the 1950s.

The impact on Managua was intensified by a massive influx of people displaced from the countryside by the war, in which some 30,000 Nicaraguans were killed. During the 1970s the annual rate of rural migration to the city averaged 28 per thousand; by the mid-1980s it was estimated at 46 per thousand—equivalent to almost 30,000 new inhabitants per year, most of them struggling to get by in the interstices of an impoverished informal economy.¹⁴ There was an explosion of new squatter settlements, mainly on the city outskirts but some among the still uncleared downtown ruins—increasingly perceived as a symbol of the FSLN's failed attempts at urban reconstruction. Military conscription and war fatigue further undermined support for the FSLN, who were finally defeated by the Unión Nacional Opositora (UNO)—an eclectic

¹³ See for example Ministerio de la Vivienda y Asentamientos Humanos (MINVAH), *Programa Integral de 2,800 Viviendas para Managua*, Managua 1980.

¹⁴ Roberto Chavez, 'Urban Planning in Nicaragua. the First Five Years', *Latin American Perspectives*, vol. 14, no. 2 (1987), p. 234.

coalition of Liberals, Conservatives, and extreme left- and right-wing mini-parties—in the 1990 elections. The same year saw the installation of the Liberal Arnoldo Alemán as Managua's new mayor.

Elite backlash

The UNO government, under Violeta Chamorro (1990–97) pushed through an immediate programme of privatizations. Of the 370 state enterprises that existed under the FSLN, 289 were privatized by 1993, and all but eight by 1998.¹⁵ The process had already begun, however, in the immediate aftermath of the 1990 election defeat. As the FSLN Vice President Sergio Ramírez described it in his memoirs:

The fact is that Sandinismo could not go into opposition without material resources to draw upon, as this would have signified its annihilation. The FSLN needed assets, rents, and these could only be taken from the State, quickly, before the end of the three-month transition period. As a result there was a hurried and chaotic transfer of buildings, businesses, farms and stocks to third persons who were to keep them in custody until they could be transferred to the party.¹⁶

In the end, however, the Frente itself received almost nothing; but 'many individual fortunes were constituted through this process instead'. The episode is known as the *piñata*, after the decorated papier-mâché figure, generally filled with sweets, which blindfolded party guests strike with a stick until it breaks open—at which point a scramble ensues. The 1990 *piñata* effectively created the nucleus of an ex-Sandinista entrepreneurial grouping, with eminently capitalist interests.¹⁷ These new elite factions have played a key role in Managua's latest phase of development.

¹⁵ Mayorga, *Megacapitales de Nicaragua*, p. 59.

¹⁶ Sergio Ramírez Mercado, *Adiós muchachos: Una memoria de la revolución sandinista*, Mexico 1999, p. 55, my translation

¹⁷ Since much of the property 're-expropriated' in the *piñata* had belonged to the Somoza clan or related Liberal cronies before their nationalization in 1980, this set in place a major clash of interests between returning Liberal *émigrés* and ex-Sandinistas, over which Chamorro attempted to adjudicate. Against the Liberals' greater leverage in the legislature, the Sandinistas retained the power to mobilize their base and could threaten mass riots and demonstrations. The conflict was finally resolved in the 'co-governance pact' of 1999 between the FSLN and Alemán's Liberals, in the context of an uptick in foreign investment flows—to maquiladora operations and tourist projects in particular—which raised spirits on both sides. Businesses associated with former FSLN leaders include financial service providers

Regime change saw the return of many wealthy Nicaraguans who had left Managua for the US in 1979. The 'Miami boys' and their frenetic conspicuous consumption 'transformed the Managua night: neon-lit bars and exclusive clubs, designer clothing, Nicaragua's first surf shop, one-hour photo processing, expensive cars cruising the scene'.¹⁸ Global franchises such as McDonald's, Subway, Pizza Hut, the Hard Rock Café and TGI Friday arrived to cater to the new *émigré* arrivals. The defeat of the Sandinistas also brought an influx of Contras and their families to Managua, creating conditions for new social conflicts and spatial polarization. This was most evident in the emergence of new settlements with explicit political associations: *barrio* '3-80' in south-central Managua, for example, named after the *nom de guerre* of Enrique Bermúdez, former Lieutenant Colonel in Somoza's National Guard and commander of the Contras' Northern Front; or the 'Omar Torrijos' settlement in the east of the city. By the early 1990s Managua was widely nicknamed *la ciudad caótica*, 'the chaotic city'. Crime rates soared and youth gangs began to make their presence felt in the streets.¹⁹

Meanwhile Mayor Alemán—known as El Gordo ('Fatso')—undertook a systematic assault on the symbols of Sandinismo: the revolutionary murals were whitewashed or destroyed, the monument to FSLN martyr Carlos Fonseca blown up, countless streets renamed. Development aimed to 'beautify' the metropolis in order to make it more attractive to private investors: a huge illuminated fountain in front of the Metrocentro mall that spouted multi-coloured water; showpiece public works such as the construction of a new cathedral in the city centre or the restoration

(Fininsa, Interfin, Almacena); the Victoria de Julio and Agroinsa sugar refineries; the INPASA printers; media outlets (Canal 4 and Canal 10 television stations, Ya! and Sandino radio stations); and Agri-Corp, the biggest distributor of rice and flour in Nicaragua. The main players include former FSLN *comandante* and member of the National Directorate, Bayardo Arce Castaño, a major stakeholder in Agri-Corp and closely associated with real-estate company Inversiones Compostela, whose headquarters in Los Robles are on land obtained via the *piñata*; the Coronel Kautz brothers; Dionisio Marengo, current Mayor of Managua, the late Herty Lewites, Mayor from 2000–04; Samuel Santos López, FSLN Foreign Minister; and Francisco López Centeno, FSLN treasurer. See *La Prensa*, 13 February 2005 and 16 May 2005.

¹⁸ David Whisnant, *Rascally Signs in Sacred Places: The Politics of Culture in Nicaragua*, Chapel Hill, NC 1995, p. 448.

¹⁹ Police estimates suggest that the number of gang members in Managua increased five-fold during the 1990s. Policía Nacional de Nicaragua, *Boletín de la Actividad Delictiva* 32, 2001.

of the lakeside Malecón. Alemán's rough-and-ready style, combined with financial backing from his Miami-Cuban connections and an emergent clientelist network, provided the base for his progress to the presidency in 1996. Once elected, he built an opulent new presidential palace at a cost of \$7 million, with an even larger illuminated fountain designed to 'send surges of water to varying heights in coordination with musical melodies'.²⁰

The Alemán government's approach to urban infrastructure was epitomized in its break-up and privatization of the national electricity company, ENEL, starting from 1998. The sole bidder for its distribution network was the Spanish multinational Unión Fenosa, which immediately imposed price hikes on users ranging from 100 to 400 per cent, while contributing a minimum of investment to a grid that suffers daily power blackouts.²¹ Although the population of Managua has grown exponentially, state-sponsored housing projects have been minimal since 1990: fewer than 8,000 housing units were built during the decade of Chamorro and Alemán governments.²² Housing regulations developed under the FSLN were used for land clearances to favour developers: squatter families were evicted on this basis from the 22 de Enero settlement along the road to Masaya in 1999, before the Municipality of Managua re-categorized the land and invited tenders for it. In a country where 90 per cent of the economically active population earn less than \$160 a month, luxurious gated communities and large hacienda-style homes for the new elite have proliferated in what was once Managua's

²⁰ 'Musical fountain for the President', *Envío in English*, 218 (1999). In office, Alemán rapidly became a byword for sleaze and corruption. State enterprises were sold to cronies at rock bottom prices, and a significant proportion of the \$1 billion of international aid following Hurricane Mitch in 1998 was siphoned off. Alemán is estimated to have embezzled up to \$100 million during his five years as President. In 2003 he was sentenced to 20 years' imprisonment for fraud and embezzlement; but in April 2007, FSLN and Liberal MPs proposed a law reducing the maximum penalty for money laundering to five years, if passed, it would enable Alemán to be granted parole as early as mid-2008.

²¹ In early 2007 the Nicaraguan government attempted to fine Unión Fenosa \$2.4 million and threatened to re-nationalize electricity distribution, but backtracked when it discovered it would be liable to pay the company \$53 million in compensation.

²² See Centre on Housing Rights and Evictions, 'Housing Rights in Nicaragua: Historical Complexities and Current Challenges', Geneva 2003, pp. 72–6.

bucolic peripheral zone. The Portal San Cayetano gated community in Las Colinas provides homes that offer 'a refined global neo-colonial mood' for \$160,000 a throw.

Restoration economy

The same asymmetry has skewed the overhaul of Managua's legendarily bad road system. As late as 1997, potholes were a chronic driving hazard, carjackings frequent, traffic was chaotic, and there was no discernable logic to the city's byzantine road network. By 2000, the municipality had carried out a large-scale programme to resurface and widen the major arteries, and replaced traffic lights with roundabouts. These works were ostensibly intended to speed up traffic and reduce congestion. When considered on a map, however, a definite pattern emerges: the new roads predominantly connect locations associated with the lives of the urban elite, linking the newly re-modelled international airport to the Presidential palace, the 'Zona Rosa' of art galleries, embassies and fine restaurants to Las Colinas. Perhaps the most notorious is the 18 km stretch connecting the Southern Highway to the rural settlement of El Crucero, paved in 1999 at a cost of \$700,000, in order to provide Alemán with easier access to his five haciendas. The living and working spaces of the wealthy—protected by high walls and private security—have been joined into a 'fortified network' by the new roads, which the elite can cruise at breakneck speeds in their expensive 4x4 cars, no longer impeded by potholes, crime or traffic lights. A whole layer of Managua's urban fabric has been deliberately 'ripped out' from the patchwork of the metropolis.

Predictably, there have also been massive tax exemptions for big real-estate developers, generally on the grounds that the monstrosities that they erect are 'tourist attractions': a \$2.5 million tax break for the Pellas Group's 14-storey glass-and-metal office block, 'Edificio Pellas', for example. The interests at stake here are not simply those of Conservative and Liberal capital, however. The 'Incentives for the Tourist Industry' law that underwrote the tax exemptions was passed in June 1999 with the full support of Sandinista deputies who, under the leadership of Daniel Ortega, had entered into a 'co-governance pact' with Alemán shortly before. A leading figure in the debate was the founder member of the

FSLN, Tomás Borge, by this stage President of the Parliamentary Tourism Commission and owner of a hotel that stood to benefit. Arguably, what is emerging here is a Nicaraguan neo-oligarchy, split not by the old Conservative/Liberal rift but along a fault-line dividing a smaller national-bourgeois grouping (Liberal/Sandinista) from larger transnational capital (Liberal/Conservative). The former is composed of Liberals who did not leave the country during the 1980s, and whose economic interests are national in scope, including for example Alemán and his associates who benefited from the privatizations his government undertook, as well as Sandinistas who made fortunes through the *piñata*. The transnational capital bloc comprises Liberals who left Nicaragua during the revolution and successfully started businesses abroad, such as the Coen family, who founded the Airpak group in the US, a billion-dollar company that exclusively represents Western Union's financial services arm in Central America; as well as traditional Conservatives such as the powerful Pellas family.²³

The major change in the city's productive economy in the 1990s was the introduction of Free Trade Zones. The first state-owned FTZ opened in Managua in 1992, and since then a further 24 privately owned ones have been established, mainly in and around the capital. The number of companies operating in them has grown from 5 in 1992 to 99 in 2006, while the number of workers employed has expanded from 1,000 in 1992 to 80,000 in 2006. A further 240,000 are employed indirectly, meaning that over 15 per cent of the Nicaraguan labour force is in employment related to FTZs. Export production through the FTZs

²³ The Pellas family owns the Banco de América Central financial conglomerate, the fifth largest financial group in the region with \$3.1 billion in assets. They had backed the anti-Somoza alliance in 1979 but withdrew their support—and their capital—once the Sandinistas showed that they were serious about dissolving the National Guard and nationalizing Somocista property. Overall, though, this neo-oligarchy is very small. Francisco Mayorga, a former Nicaraguan Central Bank governor imprisoned under Alemán, claims that there are just 350 individual accounts in the Nicaraguan banking system with deposits amounting to more than \$1 million, and that only twelve family groups own assets over \$100 million: the Pellas Chamorro, Chamorro-Chamorro, Lacayo Lacayo, Baltodano Cabrera, Ortiz Gurdián, Zamora Llanes, Coen Montealegre, Lacayo Gil, Fernández Holmann, Morales Carazo, González Holmann and Montealegre Lacayo. See Mayorga, *Megacapitales de Nicaragua*, pp. iii, 125.

has multiplied from \$3 million in 1992 to \$900 million in 2006, equivalent to 46 per cent of total Nicaraguan exports, and 87 per cent of manufactured exports. By far the largest activity is apparel assembly, with the companies involved mainly South Korean (24 per cent), US (23 per cent) and Taiwanese (17 per cent). Only 13 per cent are Nicaraguan. More significantly, however, some two-thirds of the private FTZs' infrastructure belongs to Nicaraguan entrepreneurs, who rent space within their compounds to foreign companies, while also receiving large tax exemptions.²⁴ Underpinning this is the planned busway system in northern Managua, which when completed will ferry up to 200,000 workers a day from the populous working-class Ciudad Sandino in the west of the city to the labour-hungry FTZs in the east, via several poor lakeside neighbourhoods whose populations are likely to provide secondary labour reservoirs.

In the barrio

The underlying dynamics of Managua's transformation can be traced in microcosm through the story of one poor neighbourhood in the south-east of the city. It was originally settled as an illegal squatter community in the early 1960s by migrants from the countryside, one of many such informal settlements that mushroomed at the time, although it rapidly became notorious in Managua for its extreme poverty. A long-time resident, Don Sergio, recalled:

people had to do almost anything they could in order to make a living—wheel and deal, rob, scavenge on the streets and on the rubbish dumps, looking for anything that could be sold as scrap, recycled, or reused: old cans, bottles, paper, food, anything . . . Even our houses were made of whatever we could scavenge—bits of wood, scrap metal, plastic, cardboard . . . We were known as '*los Sobrevivientes*', because there was so much poverty here that you would surely die under normal circumstances. We didn't always

²⁴ They include not only major Nicaraguan conglomerates such as the Pellas Group but the Nicaraguan Army, which is also a major player in Managua's private real-estate development market, reportedly holding some \$50m worth of shares in development companies. It is rumoured that several major Sandinista politicians, including Dionisio Marenco and Daniel Ortega, are also FTZ infrastructure owners. For a listing of FTZs, see www.laguiazf.org; on the Army, see Oliver Bodán, 'IPSM maneja \$50 millones', *Confidencial*, 12–18 December 2004 and José Adán Silva, Luis Galeano and Mauricio Miranda, 'Ejército urbanizador', *El Nuevo Diario*, 10 November 2007.

eat, and there was lots of malnutrition, and many children and sometimes even adults died of disease and hunger.²⁵

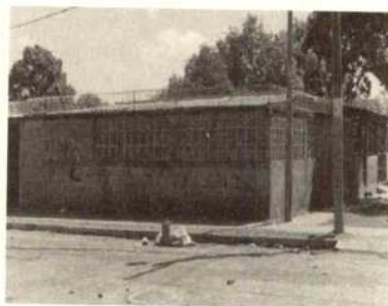
During the 1970s the *barrio* became a hotbed of resistance to the Somoza dictatorship. Several FSLN guerrilla cells were established in the neighbourhood, and it came under heavy attack from Somocista National Guard tanks and planes during the 1979 uprising. According to Don Sergio, there were few houses left standing. The *barrio* was singled out for improvement under the Sandinista redevelopment plan, and President Ortega came to announce the project:

He told us how the Cubans had donated prefabricated houses to Nicaragua, and that because we were the poorest neighbourhood in all Managua, we had been chosen to be the pilot project for a new Sandinista approach to urban development. We were all to get houses, determined by lottery, and build them ourselves by means of Mutual Aid. And that's how it was, we all worked together, to build our *barrio*, everybody, the whole community. The houses, the roads, the alleyways, the electricity, the water, the sewage, everything was built through the efforts of the inhabitants of the *barrio*, and nobody else.

But Sandinista urban developments called for sustained follow-up and maintenance, both by local communities and the state. After initial enthusiasm and high participation levels, the former crumbled in the face of the growing economic crisis, while the government was increasingly preoccupied by the Contra war. The *barrio's* newly built infrastructure—concrete drainage ditches, resurfaced roads, electricity provision—rapidly decayed. The situation deteriorated further under the Chamorro government, and by the mid-1990s, inhabitants frequently complained that things had 'come back full circle' to the poverty of the Somoza days. As Don Sergio put it:

The houses are falling apart, the electricity's been cut off because nobody can afford it. Nobody cares about cleaning up the public areas of the *barrio*, nobody does anything for the upkeep of the neighbourhood. The streets are dark because none of the lights work anymore, the sewers are blocked, and the roads are pot-holed. Nobody does anything for the good of the community anymore, they only act for themselves, according to their self-interest. We're eating one another, as they say in the Bible.

²⁵ Interviewed by the author in 1996. Names have been changed.



Managua barrio, 1. Top left, late 70s: wooden shacks, dirt roads; top right, 1981: Sandinista neighbourhood work brigade; bottom left, 1990s: barbed-wire fence; bottom right, 2000s: bricked windows and barbed wire.

Crime and violence had become major preoccupations. People were manifestly afraid of leaving their homes and restricted themselves to a few fixed routes and destinations. Many of the windows were barred or even bricked up.²⁶

By the early 2000s, although Nicaragua's macro-economic indicators had not improved much, there were clear signs of upgrading in some of the houses. In what had once been a relatively uniform neighbourhood of one-storey monochrome wooden houses, a significant proportion had been strikingly transformed: they were now bigger, rebuilt in brick and concrete, often painted in bright pastel colours, and in some cases even two stories high. Many were also now barricaded in an almost fort-like

²⁶ During the year I spent living in the barrio from 1996–97, the admonition, *cuidado las pandillas!* ('be careful of the gangs') became a familiar refrain, punctuating all comings and goings, to the extent that it almost had the equivalent verbal value of *hasta luego* ('see you later').



Managua barrio, 2. *Top left, 1990s: wood-built house; top right, 2000s: the same house, rebuilt through the remittance economy; bottom left: building a second storey, in a row of one-storey houses; bottom right: fortress.*

manner, with high walls, iron bars, and barbed wire. Inside, dirt floors, gas burners and second-hand furniture had been replaced by tiled kitchens, designer furnishings, wide-screen cable TV, mega-wattage sound systems, Nintendo game consoles and in one case a computer with broadband connection. In these better-off houses, the people now wore expensive watches, had the latest-model cellphones—in a neighbourhood where in the mid-1990s only a dozen households had land-lines—and bought imported processed foods from a supermarket, rather than ingredients from the local open-air market.

Most of these improvements were linked to specific processes of income generation, including labour migration—not only to the US, but increasingly to Guatemala and Costa Rica—the import of East Asian second-hand cars for use as taxis and, above all, drug trafficking. Cocaine dealing emerged in the neighbourhood around mid-1999, initially on a small scale but rapidly expanding into a three-tiered pyramidal economy. At the

top was the *narco*, who brought the cocaine in from the Caribbean. The *narco* sold his goods wholesale to nine *púsheres* in the neighbourhood, who resold it in smaller quantities or converted it into crack, which they sold from their houses to a regular clientele of users and to nineteen *muleros*, the bottom layer of the pyramid, who in turn sold smaller doses of crack to all comers on the neighbourhood's streets. The potential rewards of being associated with the drugs trade were substantial: *muleros* made between \$350 and \$600 a month, for example, while *púsheres* would make over \$1,000. In a neighbourhood where half the economically active population was unemployed, a further 25 per cent underemployed, and where those who did work earned a median monthly income of around \$105, such sums were very significant. As a *mulero* called Kalia put it: 'it's the only thing worthwhile doing here in the *barrio*'.

A local *púsher* compared the drug-fuelled improvements to the Sandinista reconstruction of the neighbourhood in the early 1980s: 'Now it's been rebuilt like after the Revolution, except that instead of Sandinismo, it's the market that's been helping us.' Asked about the visible new levels of inequality, he replied: 'It's like the lottery that attributed the houses in the rebuilt *barrio*—some people got bigger and better located houses than others, but nobody complained because it was all random.' Yet drug trafficking has clearly created forms of inequality of a completely different order to those of the Sandinista years. The local power structure benefits those who can assert a relative monopoly over the use of violence: the *narco*, *púsheres* and *muleros* are all members or ex-members of local youth gangs, and have sought to precipitate a generalized state of fear in the *barrio* to ensure that the drug trade can operate unimpeded. A local woman commented on the deterioration of the gang members' ethos, from the greater sense of social solidarity in the mid-1990s:

Before, you could trust the gang, but not anymore—they've become corrupted due to this drug crack. They threaten people from the neighbourhood now, rob them of whatever they have. They never did that before. They used to protect us, but now they don't care, they only look out for themselves, for their illegal business. People are scared—we live in terror here. You've got to be scared, or you're sure to be sorry.²⁷

In the streets, gang members were now an intimidating presence, strutting about with guns and machetes menacingly displayed, and warning

²⁷ Interview with the author, 2002.

local inhabitants of what would follow if they denounced those involved in the drug trade. Levels of insecurity had risen sharply, as the gangs imposed a brutal and predatory form of order that seems unsustainable. One woman described the situation as 'living in a state of siege', a metaphor all the more chilling given that she lived through a real siege under the bombs and tanks of Somoza's National Guard during the insurrection of 1979.

Ortega's return

While Managua's *barrios* fracture into ganglands, elite factions continue to jostle for power in the new Nicaragua. Tensions sharpened between the Liberal-Conservatives, backed by Nicaragua's transnational finance firms, and the Sandinista-Liberal bloc, more closely tied to national agribusiness and *maquila* manufacturing interests, under the government of Enrique Bolaños (2002-07), who tilted strongly towards the former: poverty funds of \$285 million were re-channelled to cover dubious bank losses. In the 2006 elections Daniel Ortega, once again FSLN presidential candidate, won a four-way contest against a divided opposition: despite heavy-handed efforts by Nicaraguan big business and the US ambassador, Alemán's Liberals and Bolaños's Conservatives refused to unite under a single banner. Viewed in the light of the evolving political economy of post-revolutionary Nicaragua, the result seems to represent a shift in fortunes towards the national-bourgeois bloc. Ortega's new cabinet reads like a veritable who's who of Sandinista businessmen: Bayardo Arce Castaño is the President's economic advisor; Arce's business partner Samuel Santos López is the new Minister of Foreign Affairs. Especially significant for Managua's urban development, the new Minister of Transport and Infrastructure is Fernando Martínez Espinoza, owner of one of Nicaragua's biggest construction companies; his Vice-Minister is Fernando Valle Dávila, head of the Nicaraguan Chamber of Construction. Furthermore, Ortega's Vice President is the Liberal Jaime Morales Carazo, founder of the Banco Nicaragüense (BANIC), co-founder with Alemán of the Constitutionalist Liberal Party (PLC), and advisor with the rank of cabinet minister during the latter's presidency.

In its first year in office, Ortega's administration has mixed anti-imperialist rhetoric and *rapprochement* with Chávez's Venezuela with trouble-free negotiations with the IMF, big business and improved

relations with the us. Domestically, the focus seems to be on securing an economic settlement in which local businesses can derive sustainable, low-level profits from exclusive monopolies over certain protected sectors of the domestic market. There are few signs that this new Sandinista government is likely to inaugurate a more equitable phase of national development. A quarter of a century after the great earthquake, Managua now has a population of 1.2 million, over a fifth of the national total, and remains the focal point of all social, economic and political activity in the country. Symptomatically, however, despite its narco-*barrios* and brash new developments, its ruined city centre has still not been rebuilt.

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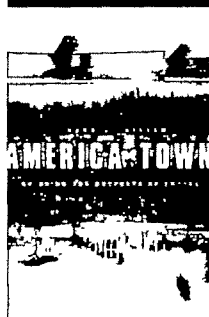
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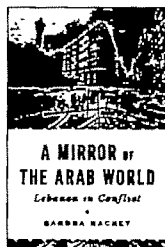
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REVIEWS

Jerry F. Hough, *Changing Party Coalitions: The Mystery of the Red State–Blue State Alignment*

Agathon Press: New York 2006, \$26.95, paperback

305 pp, 978 0 87586 407 5

TOM MERTES

AMERICAN DUOPOLY

Amid fears of recession at home and disillusion in Iraq, the collapse of Karl Rove's once-acclaimed electoral strategy—mobilizing a 'red-state' alliance of Southern whites, Midwest Evangelicals and security moms around God, guns and the War on Terror—prompts a longer-term look at the bloc-building tactics of American political elites. The merit of Jerry Hough's recent *Changing Party Coalitions* is the rigorously estranging eye it casts on these processes. A comparative political scientist at Duke University, Hough is best known for his work on the USSR, in which he set aside then dominant 'totalitarian' interpretations to focus on the actual institutional workings of the Soviet polity. Far from the monolithic dictatorship posited by the likes of Richard Pipes, Hough revealed a complex system of factions and countervailing tendencies; nor did he hesitate to draw parallels between the USSR's one-party system and the practices of the US duopoly, including elite management of faction-ridden parties and interest-group capture of policy-making. Here, he brings a similar independence of mind to his discussion of American electoral processes and the emergence of what he sees as the deliberately anti-democratic red-state/blue-state paradigm; in the process, many of the central episodes of a familiar narrative appear in a new light.

Since Walter Dean Burnham's *Critical Elections and the Mainsprings of American Politics* in 1970, a set of landmark presidential contests have been held to signal tectonic shifts of social and ideological support for the two hegemonic parties: 1800, 1828, 1860, 1896, 1932, 1968 and, latterly, 1980

and 2000. Hough recasts both the number of realignments and their meaning: he tends to see both parties as constructed from the top down, rather than as substantiations of the people's will. Many features of the oligarchic polity of the 18th century were preserved by the parties that emerged in the 19th, who united to thwart the appearance of any populist alternative or party of labour—an almost unique achievement in the New World. Hough's account draws on intensive archival work to detail the processes by which the two parties contrived to limit electoral participation, gerrymander constituencies and divide up the electoral spoils within the ferociously competitive landscape of modern industrial America—greatly aided, although he does not spell this out, by the first-past-the-post system. At stake, for both parties, has been the problem of mobilizing maximum electoral support for policies that are not primarily conceived in the interests of the median voter. According to Hough:

both parties have structured their economic policy so as to try to maximize support in the upper class of the population—the 25 per cent of the population that makes above \$75,000 a year in family income. Without any meaningful choice on economic questions, voters have been forced to choose between the parties on cultural issues alone.

In his view, the recent withdrawal of the two parties behind the winner-takes-all ramparts of the red-state/blue-state division, leaving only a dozen states genuinely competitive, represents a further diminution of the real electorate, narrowing the already circumscribed space available for meaningful political participation.

Changing Party Coalitions starts with the Democratic-Republican Party constructed by Jefferson and Madison, tracing the logic of electoral calculation as land- and slave-owning elites manoeuvred to shore up their factions' votes within an Electoral College modelled on *ancien régime* lines. The arithmetic had been sealed in the compromise at the Constitutional Convention of 1787, which Hough describes as 'a velvet military coup d'état against the Articles of Confederation, led by the man who controlled the army'. George Washington presided over the Convention and used his two former aides-de-camp—Alexander Hamilton from the North and James Madison from the South—to put in place a mechanism that would restore elite order and guarantee a unified state for external affairs, without interfering in domestic social hierarchies at local-state level. Parity for North and South in the Senate and Electoral College was understood by the Framers of the Constitution as providing the plantation-owners with a veto over any legislation that would undermine the slave system; but broader alliances would be needed once political competition ensued. A distinctive element of Hough's book is its grasp of the dynamic nature of ethnic and

religious allegiances within a fast-growing settler state. Early 18th-century colonists, he argues, still clung to the confessional loyalties of the English Civil War: the small towns and villages of Puritan New England were rife with suspicion towards the Episcopalian planters of Virginia. Between mid-century and the Revolution, however, a fresh wave of immigration was dominated by non-English Protestants—Presbyterian or Baptist Scots and Irish, Lutheran or Mennonite Germans and Dutch—who brought their own sets of loyalties and enmities. Many would settle in New York, Pennsylvania and Virginia.

In the first contested presidential election of 1796, Hough suggests, Jefferson and Madison calculated that the support they would need from the mid-Atlantic non-slave states to add to their Southern base could not be leveraged by appealing to small farmers of upper New York or Pennsylvania to ally with plantation-owners on the basis of their own perceived class or economic interests. Instead, the early Republicans appealed to the Puritan and anti-English sentiments of Scottish and Irish immigrants against the 'Anglo-Monarchical Tories'—i.e., Washington and the Federalists—and denounced Adams for wanting 'an aristocratical form of government'; as Hough notes, 'nothing was said about the truly aristocratic form of government in the South that Jefferson and Madison never tried to change.' Though initially unsuccessful, Jefferson's victory in 1800 formed the basis for the first party alignment. A decade later, Madison 'deliberately' provoked the War of 1812 against England on the same logic, to secure his own re-election, while the Federalists' opposition to the conflict terminally damaged their credibility as a national party.

In the 1830s Andrew Jackson, 'a Tennessee slave-owner of Ulster-Protestant stock', and Martin Van Buren, 'a Dutch-German New York' politician, initially aimed to build a new Democratic Party that would mobilize the burgeoning electorate on the same basis as Jefferson's Democratic-Republicans: that is, an alliance of Southern interests with Protestant Irish, Scots and Germans in the vote-rich mid-Atlantic states. Hough sees this coalition coming apart as the result of a third, mid-19th-century wave of immigration, from 1835–60, this time dominated by Catholic Irish and (to a lesser degree) Germans, fleeing famine, eviction and repression at home. They crowded the fast-expanding Northern cities and soon became fodder for, and then operators in, the clientelist Democratic machine, whereby jobs and favours were allocated in exchange for political loyalty. In Hough's revisionist view it was the tensions produced by the annexation of the vast Catholic territory of the south-west in the 1845 Mexican–American War that led to the breakdown of the mid-century Democrat–Whig alignment. When the Whigs, magnates and manufacturers failed to offer a refuge to Protestant workers alienated by the Irish-run lower ranks of the Democratic machine in the 1850s, they were

swept away by the anti-Papist, anti-immigrant Know-Nothing Party in a revolt from below. The Republican Party, formed in 1854 as the first all-Northern party in the country's history, effectively rose to the task of consolidating 'the economic positions of the Whigs and, in a polite manner, the anti-Catholic themes of the Know-Nothings'—winning enough support among Northern German and Irish Protestants to take the presidency in 1860.

The Civil War itself is barely touched on in *Changing Party Coalitions*: the answer to the national question is assumed and the political-economic contradictions of the dual system go unexplored. In the view of this Sovietologist—shared, *mutatis mutandis*, by America's post-bellum leaders—the Civil War was an elite mistake, rendered irreversible by the destabilizing effects of 'premature democratization' in the rapidly industrializing republic. Black disenfranchisement, the poll tax, literacy tests, the 'Australian ballot', Federal rather than state control over granting citizenship, and complex registration and residency requirements duly circumscribed the electoral politics of the post-Reconstruction era. Hough's focus in this period is mainly on the out-of-office Democrats and the reasons for their failure. The DP's control over the South was now uncontested; but to accumulate sufficient support to win the Electoral College, Democratic presidential candidates had to focus their efforts either on the Midwest and Plains states, which would entail a campaign based on populist themes to appeal to hard-working farmers, or—less certain of success—on the Lutherans and Catholics of the Northern states. Viewed from the South, these choices presented themselves as 'left fork'—orientation to the Plains—and 'right fork': the minority, mainly working-class Catholic vote in the East. With one exception, the Democrats would opt for the right fork until the New Deal; populist appeals risked stirring up their own poor whites, while the Party machine could be guaranteed to deliver immigrant workers' votes in the big cities, whatever the platform. Hough quotes the editorial view of the *Charleston News and Courier* of December 1878:

Our fixed opinion is that *the permanent interests of the South lie with the East rather than the West*. The aim of the South being to . . . avoid whatever is revolutionary in politics, sociology or finance, the South must go with the East.

As a result, DP candidates were 'consistently more conservative than their Republican counterparts', the only Democrat in the White House between 1860 and 1912, Grover Cleveland, distinguishing himself by his tight-money policies and by sending Federal troops to crush the Pullman railway workers' strike of 1894.

The sole Democratic candidate to attempt the left-fork strategy, promoting the 'free silver' bimetallic policy favoured by Midwest farmers over the big banks' gold standard, was William Jennings Bryan. The 1896 election and

the Battle of the Standards is seen as pivotal in most accounts of America's party system—the moment when the big-money Republican campaign succeeded in winning an important section of Northern industrial workers over to the party of their bosses, aided by aggressively negative advertising. Karl Rove claimed to have styled Bush's 2000 campaign on the 1896 contest and looked to McKinley's strategist Mark Hanna as his intellectual forebear. But McKinley is barely mentioned in Hough's text, which sees no major break in the party coalitions until the New Deal. He focuses instead on Bryan's inexperience and underfunding, suggesting that the Democratic leadership knew they had no chance in 1896 after the deeply unpopular Cleveland Administration and had nominated Bryan solely to co-opt a growing Populist vote. In 1912, when the Democrats once again had a chance to win, they nominated the conservative governor of New Jersey, Woodrow Wilson. The son of a Scots-Irish Virginia Presbyterian, Wilson had all the requirements necessary to triumph over the already splintered Republicans (Taft versus 'Bull Moose' Roosevelt); the ticket was balanced by selection of Thomas Marshall from Indiana as his running mate. Wilson's Polkian invasions of Nicaragua, Mexico, Haiti and the Dominican Republic returned the Democrats firmly to imperial mode.

Hough rightly stresses the numerical weight of German-Americans—roughly equal to that of British-Americans—among the many 'European races' that constituted much of the US electorate during the first half of the 20th century. (He himself is of mixed German-American and British-American stock rooted in Carolina.) But at times Hough's tenacity on this question leads him to overstate its explanatory importance for the impact of US foreign policy on electoral outcomes, and vice versa, between 1912 and 1950. The need to shore up the German-American vote for the 1916 election was surely only one reason why Wilson did not enter the Great War as soon as the first trench was dug. As it was, he soon put Democratic congressmen under strain with his vituperative attacks on critics of his foreign policy as having 'alien sympathies'. Wilson's 1902 *History of the American People*, as Hough drily notes, had favourably compared the 'sturdy stocks of the north of Europe' to more recent arrivals, describing the Ellis Island immigrants as 'men of the lowest class from the south of Italy and men of the meaner sort out of Hungary and Poland', as these countries 'disburdened themselves of the more sordid and hapless elements of their population.' But his 1915 State of the Union address was targeted at the many German-American opponents of the War: US citizens 'born under other flags but welcomed under our generous naturalization laws . . . who have poured the poison of disloyalty into the very arteries of our national life'—'such creatures of passion, disloyalty and anarchy must be crushed out.' Wilson narrowly won the 1916 election but lost the German-Irish states of Illinois, New York, New Jersey

and Indiana that he had carried in 1912. (In contrast, he picked up California after advocating the withdrawal of property-holding rights from Japanese-Americans.) Senators from states with large Irish and German-American populations refused to ratify the punitive Treaty of Versailles, and in the 1920 elections the Democrats lost miserably, having fielded anti-immigrant candidates. But Hough is wrong to say that when Wilson 'brought the war home' after the termination of hostilities with the Palmer Raids on radical immigrants, the targets were Germans; the assaults were directed almost entirely against Russians.

The Democrats returned to the Oval Office with the election of Roosevelt in 1932, which—here Hough agrees with the received wisdom—marked another major partisan realignment. In Hough's eyes, Roosevelt had effectively opted for a 'left-fork' strategy based on the South and West, to harvest the voters who had supported the 'collectivist' candidacy of Robert LaFollette in 1924, in place of the orientation to the urban Northeast of the belle-époque Progressives; yet the Keynesian stabilization policies that he then pursued had not been articulated in the 1932 campaign. Hough points out that many New Deal policies were directed at rural areas: electrification, increase in farm prices, the large-scale dam projects; equally, many benefited the South. As a Sovietologist, he is well placed to deflate excessive claims for Roosevelt's radicalism, charging that few commentators today are prepared to acknowledge 'how cautious the New Deal was in comparative terms, nor how far we have come from it since.' Once Roosevelt had secured a landslide re-election and forced the Supreme Court to back down, he did little to deepen the reforms. But the New Deal party alignment persisted: the Democrats stood as the party of the working class, new immigrants and Northern blacks, as well as the South; while the Republicans were relegated to a pan-Protestant Northern and Western strategy.

World War Two again divided German- and British-Americans. After Pearl Harbor, Roosevelt tried to tread more carefully than Wilson had done, and made sure that German-Americans—Dwight Eisenhower, Chester Nimitz, Carl Spaatz—were appointed to top military posts to lead the assault on the Axis powers. The 7,000 German-Americans arrested in 1942 as people of 'Foreign Enemy Ancestry' were treated very differently to the vast numbers of Japanese-Americans thrown into internment camps; yet FDR still lost votes from German-American precincts. The start of the Cold War and the division of Germany created further tensions. In 1949 a majority of senators in the band of eleven states from Pennsylvania to Nevada voted against ratification of the NATO treaty, institutionalizing Germany's partition. In general, Hough argues, Republican Administrations during the Cold War were more open to the détente policies favoured by the German-American component of their constituency, while Democratic presidents were more aggressively

anti-Communist: Truman in Korea, Kennedy planting missiles in Turkey, invading Cuba and sending US troops to Vietnam, while Nixon negotiated with Mao and Reagan with Gorbachev. He admits that the picture is blurred, however, by the fact that each side compensates by proclaiming an ideological stance that is the opposite of its actions.

Conventional wisdom usually sets the end of the New Deal coalition with Reagan's election in 1980, or with Carter's anti-inflation policy in 1979. But in the most radical and original section of his argument, Hough makes a strong case for placing the beginning of the end much earlier, with JFK. In his acceptance speech at the 1960 Democratic Convention, Kennedy defined himself not as a New Dealer but as a New Democrat and signalled that 'the old ways will not do'. Like Adlai Stevenson, another business-friendly Democrat, Kennedy needed to select a New Deal Southerner to balance the ticket. In office, his economic policy of balanced budgets and tax cuts for the rich was 'less liberal than Richard Nixon's', and he was 'quite cautious, perhaps even conservative, on cultural issues such as civil liberties and civil rights'. In the foreign-policy sphere, Hough suggests that 'those who think that [Kennedy] would have avoided Johnson's deepening engagement in Vietnam are taking a most improbable leap of faith. A more realistic question is whether he would have acted more boldly in threatening to send troops to overthrow the regime in Hanoi.' If it had not been for the 'accidental' presidency of Lyndon B. Johnson, he argues, the New Deal would have been a thing of the past.

Instead LBJ, the first Confederate president for 120 years, introduced a raft of radical domestic policies that would finally put an end to the autonomy of the South and, at the same time, open it to political competition. It also marked the end of the 'European races', now officially recast as 'whites'. The entry of the GOP into the South famously signals the next stage in party realignments. But Hough makes a plausible case for the fluke of the Johnson Administration obscuring the real evolution of Democratic strategy, which was otherwise moving, from Kennedy onwards, in the direction of a 'blue-state' approach, founded on appeals to the economic interests of better-off suburban voters in the North. Hough describes this as a return to the Progressive tradition of Wilson and a distinct shift to the right. McGovern's unsuccessful bid in 1972 represented the next stage in the process, according to this account. Although his campaign was radical on economic and anti-war issues, its ultimate effect was to help boost through Democratic Party ranks a layer of 1960s activists who would become the main trend-setters for the blue-state orientation once they entered Congress in 1974. Gary Hart is offered as the prototype of these upwardly mobile baby-boomers, who combined the right-wing economic policies and cultural liberalism characteristic of the New Democrats under Clinton. Ironically, however, the

strategy of the next Democratic president, Jimmy Carter (1976–80), would prefigure something closer to Rove and Bush. Carter was the first occupant of the Oval Office to declare himself a born-again Christian (although Hough detects a whiff of Elmer Gantry). He aimed to win back the South from George Wallace by mobilizing the Evangelicals, while at the same time implementing an aggressively right-wing foreign and economic policy: supporting Somoza and the Shah, funding the Islamists in Afghanistan; cutting social spending at home and implementing the interest hike of the 'Volcker shock'. But Carter antagonized the Catholic component of his coalition, and his spending cuts alienated working-class voters who still embraced the ideology of the New Deal.

By comparison to the blue-state turn of the Democrats, the Republicans' move to a red-state strategy started later and was more defensive, according to Hough. Nixon aimed to maintain the Northern-based liberal Republican coalition, while courting the South with attacks on 'cultural radicals'. At the same time, the Evangelical churches were coming to play a more significant electoral role as genuine party competition in the South intensified. Desegregation had led to a rash of white Evangelical schools, which also increased their social leverage. For much of the postwar period they were 'a swing group at the presidential level', but they were to switch definitively to the Republican camp with Reagan—pushed, according to Hough, by the Democrats' 'move to the cultural left and economic right in the 1970s and 1980s'. Reagan is portrayed here as a rhetorician rather than an ideologue: though he spoke to conservatives' values, he implemented little of their policy agenda. Hough thinks Reagan inveighed against the Evil Empire mainly to 'relieve American anxieties about accepting compromise with the Soviet Union.' (The withdrawal of Marines from Lebanon is taken as another sign of Reagan's moderation; his continuation of Carter's policies in Honduras, Nicaragua and El Salvador goes unmentioned.) Electorally, his major role was to draw in male voters, in flight from the Democrats' feminist-oriented cultural liberalism, and shore up Evangelical support in the South. By 1984, the Civil War had been inverted: 'Reagan won the former states of the Confederacy and the border states of Kentucky, Missouri and Oklahoma by a 7.4 million vote majority.' Far from pursuing a red-state strategy, however, the Reagan Republicans aimed to compete country-wide.

The Democrats were faced once again with a left-fork or right-fork choice: to fight for middle America on an economically radical, if culturally moderate, line; or to withdraw from competition and focus on the Northern suburbs, as cultural liberals but economic conservatives. The decision was sealed by the capture of the party machine by the now 'affluent liberal' baby-boom activists and feminists, who picked up the Wilsonian baton of Adlai Stevenson and JFK. The anti-New-Deal direction was hardened by the

Democratic Leadership Council, formed in 1985, and embodied in Clinton: a presidential candidate from the South whose message was 'directed at the relatively well-to-do of the large industrial states'. Hough dismisses any suggestion that Clinton did not know what he was doing in the first two years of his administration: on the contrary, the team of economic super-hawks (Rubin, Summers) and strong cultural message (gays in the military) were entirely calculated, as was the unimplementable health-care programme entrusted to his wife and the decorative 'diversity' (labour, women, blacks) of the lower ranks. Clinton 'deliberately seems to have encouraged a misleading chaos to obscure a suburban strategy already chosen that he knew would be highly frustrating to many supporters and voters'. While the Democrats needed to maintain their traditional base among blacks, the working class and the unions, they had no intention of funding their promises. Once in office, Clinton reportedly told his economic team, 'We're all Eisenhower Republicans—we stand for lower deficits and free trade and the bond markets'.

By the early 1990s, then, lower- and middle-income voters were left 'with no perceived economic choice in either party'. The scale of their disenchantment is measured here in the 19.7 million votes for Ross Perot in 1992, which Hough interprets as a welling up of dissatisfaction, among white males above all, at the impending passage of NAFTA—a proxy for globalization, outsourcing of jobs and generic threats to national pride. Neither Clinton nor Dole, in 1996, sought to address or co-opt the concerns that had made Perot's third-party candidacy so successful. On the contrary, Clinton's pollster Mark Penn announced to the Cabinet that the President's re-election signalled 'the end of the old Democratic coalition of blacks, the elderly, and the downscale. It marks the emergence of a new coalition of women, Latinos and especially suburban married couples.' Meanwhile Al Gore's speechwriter Kenneth Baer applauded the 'profound change' that had brought a Democratic president who championed 'the reinvention of government, welfare reform, fiscal restraint, free trade and an internationalist foreign policy'. Under Clinton, Hough argues, the 'Democrats had basically returned to the [economic policies] of Grover Cleveland'.

The 2000 election was the first to show a clear 'red/blue' division: the richer, more urban and populous Northern and Pacific states voting for Gore, the poorer Midwest, plus the Sunbelt and the South, going for Bush. The popular vote was almost equally divided and the turnout was only 51 per cent of those of voting age. Hough suggests that it was probably Gore's choice of running-mate that lost him the election: while Joe Lieberman did well in eastern Florida, he may have cost Gore votes among Midwestern German-American retirees on the west side of the state. Had Gore balanced his ticket with Dick Gephardt, 'a German-American Protestant from

Missouri who favoured a New Deal strategy', he might have won both there and in West Virginia. By choosing the hawkish Lieberman, 'from a coastal state and with very close ties to the Connecticut insurance industry', the DP were effectively withdrawing from the competition in what would now become the red states.

Similarly, the Republicans took the decision to concede the coastal states and the industrial north. Hough suggests that, looking ahead from 1998, GOP strategists had seen 2000 as a losing year: the economy was booming and the Vice President was a well-connected contender. The electoral trend had marked a fall-off in Republican votes from Reagan's high of 55 million in 1984 to just over 39 million in 1992 and 1996, whereas the Democrats had steadily risen from 38 million to over 47 million in the same period. The party's high-level Brock Commission Report published in May 2000 suggested that the Republicans were facing an unacceptably large loss of Northern suburban voters. Produced after Bush's nomination, and based on the implicit assumption of a third straight loss, the Brock Commission called for reforms to the party's nomination procedure. The 'front-loaded' system, privileging the least populous states, had produced two candidates from Texas and one from Kansas. The Commission wanted a bigger role for the urban North; a Republican red-state strategy was assumed to have a limited future.

Faced with this unpromising situation, Rove chose to focus on intensive mobilization of the 239 Electoral College votes of the Southern, Prairie and Mountain states, with hopes of 33 more from Indiana and Ohio; Bush's running-mate Dick Cheney was from Wyoming. The aim was to bring out the disaffected Ross Perot vote through a strong emphasis on cultural conservatism. Hough suggests that Bush had not said much about religion before 1999: as with Carter, Jesus came late to his political life, along with brush-clearing on the ranch and other homespun themes. Again, Hough sees a strong Perot factor in Bush's hawkish national-security appointments—in 1992 Perot had excoriated Bush Senior's conduct of the Gulf War—and in his anti-foreigner rhetoric on Kyoto and the ABM Treaty. In 2004, Bush even adopted as his slogan the title of Perot's 1992 campaign book, *United We Stand*. The Democrats were unlikely to win the 2004 election; but here too, Kerry repeated the errors of Gore and failed to engage with economic issues, helping Bush to make inroads even into the blue states with tax cuts and post-9.11 nationalist bluster.

After taking readers as far as the 2004 election, *Changing Party Coalitions* ends with a call for two rather minor reforms. First, popular presidential elections, thus doing away with the Electoral College machinery which can no longer have 'any positive role' now that North and South are effectively homogenized; second, a single national primary for each party, both to

reduce the role of party activists and to reverse the 'front-loading' of the nomination process. The first would certainly be positive, though the second risks handing still more power to the party bosses. Hough's main concern, however, is to ensure the stability of US political institutions and the continuation of the duopoly. 'Let us hope', he writes, 'that one or both parties find a way to represent the economic interests of the middle income in a sustainable way. Let us hope a major third party is not necessary.' The framework of his analysis could, however, be used to argue for the opposite—a multi-party system based on different classes, value-interested segments of the population and disparate regions.

Hough argues that the large-scale disenfranchisement effected by the red/blue alignment—connived at by both parties, so that neither need offer an economic policy that would answer to the interests of the great mass of median voters—is unsustainable. He fears that unbalanced deficits, unprecedented inequality and high personal indebtedness could make for serious instability in the event of a major shock. In the longer term, the undermining of the US polity by the disappearance of its structuring matrices—the North–South question, and the compensatory effect of the many 'European races'—has yet to be seriously addressed. Unstated, but strongly implied in his argument, is the need for a more equitable, probably protectionist, economic policy; nor does he ever spell out whether he would also support tougher limits on immigration. A new edition of *Changing Party Coalitions* would surely point out that neither question will be up for debate in the 2008 election.

An important feature of Hough's account is the generational remaking, or refabrication, of ethnic allegiances. Anglicans and Puritans were redefined—and redefined themselves—as English, in face of a new wave of Irish and German immigrants; Ulstermen and Lutherans became Protestants with the arrival of the mainly Catholic wave of Irish and Germans in the mid-19th century. The latter differentiated themselves from the Ellis Island immigrants from the 1890s on: *mezzogiorno* farmworkers and East European Jews. In the 1960s came the fabrication of the 'European races' of English-, German-, Irish-, Jewish- and Italian-Americans into the 'white' race, not least by immigration and civil-rights legislation. This amounted, as Hough points out, to a *de facto* acceptance of the South's formulation of 'race' as a black–white dichotomy. (On this question, it is strange that in such a well-referenced work there is no mention of Alexander Saxton's *The Rise and Fall of the White Republic*.) Hough estimates that today, 'blacks are where the Irish were in 1910, or Italians, Jews and Poles in 1950—not ideal, but a long way from the original prejudices and discrimination'.

This seems optimistic. According to 2006 US Government data, the new-fabricated 'whites'—198 million of a total of just under 300 million—earned on average \$52,000 a year, compared to a national median of \$48,000,

and had an unemployment rate of 4 per cent, compared to a national average of 4.6 per cent. 'Hispanic-Latinos', the largest 'minority' at 43 million, earned \$38,000 on average, with an unemployment rate of 5.3 per cent. 'Asians', another fabricated quantity, numbered 14 million, earned an average \$64,000, and had a 3 per cent unemployment rate. 'Black' Americans, many of whom may trace their US ancestry to the time of the Founding Fathers or before, constituted 40 million, earned an average \$32,000, and suffered an unemployment rate of 9 per cent. Yet it would be in line with Hough's analysis if both 'black' and 'white' Americans were to be refabricated, or refabricate themselves, as 'Christians' or the yet-more artificial 'Judeo-Christians', in the context of a new generation of mainly Muslim Subcontinental immigrants and an international situation not incomparable to that of Wilson's; or as 'English-speakers', in face of a much larger number of 'Latino-Hispanic-Americans'. The huge wave of protests in Spring 2006 against the iniquitous treatment of the mass immigrant population has highlighted the possibility that the circle cannot be squared within the current system.

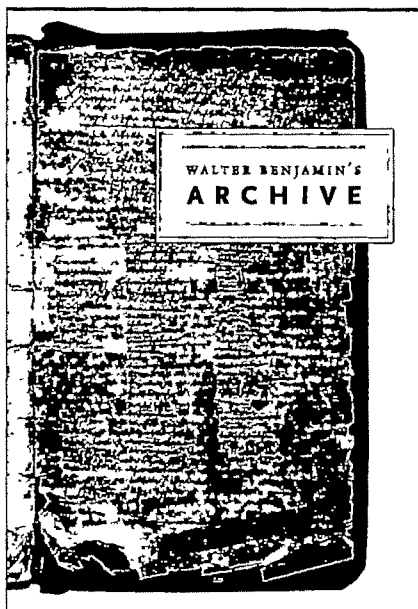
Changing Party Coalitions offers a ruggedly idiosyncratic take on the American political system, deeply researched and widely read. Hough has been well served by his publisher, Agathon Press: footnotes are helpfully placed at the bottom of each page and the list of archives alone should make it essential reading for serious students of the country's political history. That said, the book also suffers from the weaknesses of its strengths. There is no detailed treatment of the parties' corporate funding, which is the real determinant of their economic policies. The author more than overstates his case in suggesting that domestic electoral concerns largely motivate, rather than deflect, America's foreign policy, and there is no attempt to correlate the different relationships between domestic groups and their homeland lobbies. Programmatically, no serious discussion of US electoral reform can avoid the question of the winner-takes-all system and the possibilities of more proportional forms of representation.

A more fundamental analytical problem is that Hough's institutionalist approach, in which party elites organize factions on a sectoral and geographical basis, ignores any dynamic from below. His reliance on ethnicity and religion as explanatory determinants tends to occlude class from his account of the US political system. Yet this was a major factor in several of the realignments he discusses. The attempt by 19th-century Republicans to develop a national manufacturing and infrastructure base behind high tariff barriers entailed an ongoing battle with agricultural-commodity producers in the South and West, organized through the Democrats, who wanted low tariffs. These positions broadly overlapped with geographic, confessional and ethnic divisions for much of the century, but by its end the

economic and political landscape had been transformed, with agriculture secondary to the industrial sector. In the 1896 election much of skilled labour, including many German and Irish workers, formerly part of the Democrat coalition, voted for 'solid money' and McKinley. Thereafter the Democrats had to remodel their coalition according to the new realities of an urban industrial society.

Much more starkly, Roosevelt's leftward shift in 1932 was not simply a matter of seizing the electoral opportunities generated by the Great Depression, but also a response to a significant challenge from below. The pressures on capital from a hungry and radicalized working class that led to the New Deal are absent from Hough's analysis. Nor is there any real explanation for the North's abrogation of Southern autonomy in the 1960s, the major turning point in his account, or of the changing shape of the American economy since then: the industrializing South, the expansion of the Sunbelt suburbs, decline of the rustbelt and financialized self-gratification of the coastal elites. The internal tensions resulting from the increasing integration of the US with the world economy are gestured towards rather than evaluated. Hough notes the unravelling of the New Deal and the rightward movement of both parties in economic policy, but leaves out the social, economic and ideological transformations of which these are symptoms, and the dramatic alteration in the balance of forces in favour of capital that has accompanied them. Against this backdrop, Hough's hope that the parties will henceforth 'represent the economic interests' of the median mass of voters seems like whistling in the wind. Certainly, neither of the Democratic contenders in 2008 has plans to do so.

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JOHN FROW

THINKING THE NOVEL

Along with the movie and the advertisement, the novel is the central aesthetic form of our time. Yet it is clear that, despite our association of the novel with modernity, narrative forms looking remarkably like the modern novel arise in periods as diverse as Hellenistic antiquity and medieval France, and can be found in quite other civilizations, notably China. It is tempting to describe the novel as a collection of very disparate genres (as an influential essay by Gustavo Pérez Firmat once put it) rather than a singular and coherent form. Alternatively, we can think, as Mikhail Bakhtin does, of a series of parallel histories working through successive transformations and incorporating a range of other genres in the shaping of the loosely related forms that we think of as making up the contemporary novel.

The two volumes of *The Novel* (distilled from the five volumes of the prior Italian collection, *Il Romanzo*) contribute substantially to raising and theorizing these questions. You could say, schematically, that there are two main lines of filiation in twentieth-century novel theory, one running from Georg Lukács's *Theory of the Novel* (1917), the other from the work of Bakhtin. In Lukács's great essay an essentializing account of genre is mapped onto an essentializing story about history, such that the novel's historico-philosophical force is seen to lie in the coincidence of its structural categories with those of the modern world. Deeply time-bound, the novel is defined by the negative shape of its central categories: its fall from

epic totality to 'modern' fragmentation, its thematization of the lack of fit between the problematic individual and the dead or demonic world of social convention, the principle of irony which seeks to correct the world's lack of immanent meaning, and a temporality which is at once the dead weight of routine, an order of memory, and the impossible promise of a future transcendence. Bakhtin's work, by contrast, is concerned less with the correspondence of social with literary forms than with the transformative work of novelistic discourse on the discourses that carry the social.

This collection is, by and large, much more interested in the Lukácsian problematic of the relation between morphology and social forms. In his brief foreword to Volume One, Franco Moretti writes that 'the novel is always commodity and artwork at once: a major economic investment and an ambitious aesthetic form . . . Don't be surprised, then, if an epistemological analysis of "fiction" slides into a discussion of credit and paper money or if a statistical study of the Japanese book market becomes a reflection on narrative morphology'. There's a version of this concern in Andrew Plaks's essay on the emergence of the Chinese novel, when he writes that

such long-range trends as population shifts to the great cities of the Yangtze Delta region and the rise of urban culture, the conversion to a silver-based money economy, commercialization, commodification, incipient industrialization—even overseas colonization, to name just the most striking factors, seem not entirely unrelated to the appearance of a new form of prose literature so well suited to questioning the values of the old order.

These arguments have to do with underlying conditions, but Plaks then moves to pose the question in terms of the formal categories organizing this new genre: in the period of the classic Chinese novel the 'paradigmatic Confucian act of self-cultivation' shifts 'from the moral integrity of the autonomous individual acting within the web of human relations (in Chinese, the physical person: *shen*) to the ideal of integral wholeness at the core of the inner self, expressed with the term *xin* ("heart" or "mind")'.

Yet questions of structural correspondence can all too easily become reliant on a notion of the homogeneity or homology of different dimensions of the social, and this is often particularly a problem with understandings of modernity that collapse quite divergent processes into a singular whole. John Brenkman's argument that 'the novel's inner form belongs to the nihilism of modernity' is one version of this conflation; Moretti's essay 'Serious Century', on the novel's relation to private life, is another. Here Moretti relates Weber's analysis of the growing regularity, methodicalness and standardization of private life to the role of narrative 'fillers', story points which convey the routines of daily life rather than the events which break it. 'Fillers' in the novel offer a kind of narrative pleasure compatible with the

new regularity of bourgeois life and with the underlying category of rationalization. The latter is described as 'a process that begins in the economy and in the administration, but eventually pervades the sphere of free time, private life, entertainment, feelings . . . Fillers are an attempt at *rationalizing the novelistic universe*: turning it into a world of few surprises, fewer adventures, and no miracles at all', and through them 'the logic of rationalization pervades *the very rhythm and form of the novel*'.

Thinking about the novel in this way, in terms of what its structures have in common with the structure of the world, tends to yield a kind of socio-thematics of modernity. Both Thomas Pavel and (with considerably more originality) Nancy Armstrong develop thematic accounts of the Lukácsian figure of the problematic individual and his or her lack of fit with the social order. Hans Gumbrecht and Margaret Cohen elaborate the novelistic figures (in Bakhtinian terms, the chronotope) of the road and the sea, respectively. Philip Fisher, in his essay 'Torn Space', follows Simmel, Kracauer and Benjamin in constructing a thematics of the experience of space in modernity around the general categories of stimulus and shock and the more specific historical development of the department store, of open-plan bourgeois interiors, and of new communications technologies such as the telephone, the radio and television; Joyce's *Ulysses* is then read, effectively, as a description of this new structure of experience. This is to say that thematic modes of reading can all too readily slip into accounts of a represented real, as though that real were independent of the generic and linguistic forms of its representation. At the same time, positing too direct a connection between novel and world can simplify the complex specificities of each. Invoking Braudel's notion of the 'plurality of social times', Jonathan Zwicker, in 'The Long Nineteenth Century of the Japanese Novel', complains that 'when the chronologies of such different histories as those of political institutions, literary form, and cultural practice coincide as well as they do in the conventional histories of nineteenth-century Japan, it is often because something has been overlooked. Dazzled by the event, we have somehow lost track of the different calibrations of social life'.

One of the most promising alternatives to conventional literary history in recent years has been the rise of book history and of the statistical methodologies it has tended to employ. Franco Moretti has been a prominent advocate of shifting literary history away from its attention to exceptional moments—the tiny minority of texts that constitute events within the literary series—to a study of its routine configurations, using large masses of data to chart patterns of production, circulation and consumption and thereby dispensing both with the individual text and its readings, and with the ideological functions of the proper name. As Jonathan Zwicker puts it in

a second contribution, 'Japan 1850-1900', one of the book's more thoughtful methodological reflections:

by treating books as *things*, quantitative data allows access to a comparative dimension of literary history that is difficult when anecdote remains the primary mode of investigation. There is no doubt that numbers flatten out the peculiarities and individuality of their objects, but this is also part of their value, they 'simplify the better to come to grips with their subject' [Braudel] and so make accessible—through patterns and series—solutions to problems that are virtually inaccessible through the methods of traditional literary history.

In accordance with this challenge the collection gives some prominence to historical accounts of particular markets and, more generally, of the material conditions of novelistic representation. In particular, a section of Volume One develops a series of statistical profiles of the market for novels in Britain, the United States, Italy, Spain, India, Japan and Nigeria over varying time frames from the mid-eighteenth century to the present. John Austin's essay on the United States between 1780 and 1850 draws a conclusion which, *mutatis mutandis*, exemplifies those drawn by many of these essays:

the failure of the American novel to triumph over its British competitor and to establish cultural hegemony over the course of the nineteenth century is striking.

And, one should emphasize, markedly at odds with most accounts of 'American' literature. And herein resides the usefulness of quantitative analysis; it holds forth the promise of producing some new facts, of bringing into focus new genres (like the tale and compilation) and new formations in the literary field (the competition between American and British novels). Most important, such data enriches and complicates conventional narrative accounts of national (international?) literatures

Elsewhere, Daniel Couégnas's essay on popular narrative looks at the origins of the novel in *colportage* texts (chapbooks) sold by peddlers, and at the industrial and commercial techniques underlying the English Gothic novel and the French *roman-feuilleton*. Zwicker's two essays on the Japanese novel seek to map the play of continuities and discontinuities in the nineteenth-century circulation in Japan of indigenous and translated texts. Many other essays build elements of economic, demographic or institutional analysis into their treatment of the life of the novel in particular areas.

Yet such analysis is, in the long run, only useful to the extent that it can open up for us something of the way readers engaged with the novel: how it helped shape their world of sense and emotion, how it spoke to them, how they interpreted and put to use the words they consumed. None of this is simply given in the data, and indeed the shift from patterns of production,

circulation and consumption to an understanding of readings and uses is fraught with difficulty. Roger Chartier puts it (as usual) neatly in a passage from his *Forms and Meanings* (1995) quoted by Zwicker, on the scarcity and difficulty of evidence for a history of practices of reading. Representations of reading, Chartier writes,

never involve immediate and transparent relations with the practices they describe. All are lodged in the specific modes of their production, the interests and intentions that produced them, the genres in which they were inscribed, and the audiences at which they were aimed. To reconstruct the conventions that governed literate representations of [reading], therefore, we must decipher the strong but subtle bond that ties these representations to the social practices that are their object

Readings happen inside people's heads; to gain access to them we must rely on secondary manifestations, most of which consist of one or another form of self-report (from marginalia or private letters to public reviews and survey responses) and all of which are dependent upon translation of the micro-processes of reading into a particular language. That language is not a faithful reproduction of psychological processes but a conventional articulation of them, however much it may in turn shape those processes: any self-report of reading necessarily employs a time-bound critical vocabulary, and this introduces a certain displacement into our analysis of reading. Where we expect to find the idiosyncrasy of a personal encounter with the text, we find rather the conventions of a historically and culturally specific regime. We can, as an alternative to studying individual readings, choose to study *readerships*, the correlation between a demographic formation and particular modes of encounter with texts. But in the forms that such analysis usually takes—particularly the audience research that is a central component of the study of the mass media—readerships become autonomous of texts, ready-formed independent variables which are not themselves shaped by the textual encounter. None of the essays in this collection overcomes this central methodological problem.

A further difficulty raised by quantitative analysis has to do with the constitution of its units of analysis. Zwicker sets up a useful contrast between two ways of theorizing a historical series: on the one hand, historians of a nominalist bent like Skinner or Pocock would argue that in tracing the history of concepts such as the state (or, by analogy, 'the novel') it is only ever possible to construct a history of the range of uses of those terms. On the other hand, however, Zwicker invokes Koselleck's argument for a history of structures that would treat terms such as 'the novel' as structurally real: instead of a series of more or less discrete semantic events, taking 'the novel' (or 'the state') as a real phenomenon underlying its historically and

culturally various manifestations allows one to elaborate common structures across very different kinds of society.

Such an approach repeats the essentialism that informs both Lukács's and Bakhtin's conception of the novel, and it continues to depend upon the initial assumption of generic unity. It repeats, too, the core methodological move Moretti makes in *Graphs, Maps, Trees* (2005), of taking genres or forms as given and then deriving structures from large data sets based on them in such a way that literary history can be conceived as an objective account of patterns and trends. Moretti does in fact recognize that quantitative research 'provides a type of data which is ideally independent of interpretations . . . and that is of course also its limit: it provides *data*, not interpretation'. Thus he argues, correctly, that 'a formal concept is usually what makes quantification possible in the first place: since a series must be composed of homogeneous objects, a morphological category is needed—"novel", "anti-Jacobin novel", "comedy", etc.—to establish such homogeneity'. But he proceeds nevertheless to ignore the crucial point that these morphological categories he takes as his base units are not pre-given but are constituted in an interpretive encounter and by means of an interpretive decision.

Too many of the essays in this collection still perform a very old-fashioned kind of literary history in which that moment of interpretive constitution of the categories of analysis is disregarded; too much of this work (reflecting larger disciplinary assumptions) is positivist history uninformed by a close interpretive engagement with texts. Nathalie Ferrand's discussion of a database of novelistic topoi is the parodic extreme here, but many of the national histories, too, while factually informative, are records of events rather than encounters with textual complexity. The historicist turn in literary studies has, I think, for all its real achievements in rethinking literary texts within broader social and cultural frameworks, often tended to reinforce such a reduction of complexity and a relative lack of interest in the force of formal categories.

A more satisfying form of historicism is at work, however, in a number of essays that investigate the cultural circumstances in which the novel emerges and flourishes. Some of the most interesting analyses have to do with the changing status of the category of fictionality. Jack Goody's opening essay, 'From Oral to Written: An Anthropological Breakthrough in Storytelling', largely concerned to propose that there is little evidence for extended narrative structures, including the epic, in pre-literate societies, posits in passing that the late arrival of the novel proper in both Europe and China (roughly in the sixteenth century) has to do with the late emergence of a 'positive' category of fiction which understands it in each case as something other than mere untruth. Henry Zhao's more detailed exploration of the ways in which 'the very idea of fictionality baffled Chinese thinking' analyses a

cultural configuration in which fictional writing is perceived as a supplement to a dominant and legitimate historiography, and must justify itself on those grounds. In their essay, Michal Ginsburg and Lorri Nandrea draw on Hegel's notion of the 'prose of the world' in his *Aesthetics: Lectures on Fine Art* (1835)—'a world of finitude and mutability, of entanglement in the relative, of the pressure of necessity from which the individual is in no position to withdraw'—to argue that the novel, built on an ethos of the relative and the contingent, establishes its authority by an appeal not to the person of the performer (as do the poetic genres that precede it) but—quite paradoxically, of course—to referential truth. And Francesco Orlando has a long and interesting discussion of the forms and the conditions of possibility of the supernatural in literature, defining that genre in terms of its refusal to conform to the novel's conventions of plausibility.

But the most informative essay in this cluster is 'The Rise of Fictionality', Catherine Gallagher's superb genealogy of the category of the fictional in eighteenth-century Europe. What she isolates for attention is the novel's odd ambivalence towards fictionality, 'at once inventing it as an ontological ground and placing severe constraints upon it'. Her essay traces a process in which the concept of fiction is slowly transformed in the course of the eighteenth century from an older meaning of 'deceit' to a semantic force which is something like 'the imaginary', a category which is nevertheless close to the real and therefore not merely fantasy. In this process, novelistic verisimilitude ceases to be a defensive (and always contestable) invocation of the truth of fact and becomes a more sophisticated suspension of disbelief, an epistemological category combining make-believe with the plausibility of the lifelike. It is this 'widespread acceptance of verisimilitude as a form of truth, rather than a form of lying, [that] founded the novel as a genre . . . It also created the category of fiction'. From this consolidation of the category of fiction comes, eventually, a less anguished relation to those genres that claim a directly referential access to the real. Fiction as the epistemological ground of the novel takes on its own legitimacy as 'a special way of shaping knowledge through the fabrication of particulars'. At the same time, the always-provisional verisimilitude of fiction, its poised balancing of the *true* and the *seeming*, comes to mesh with some of the deepest impulses of modernity, which Gallagher describes as:

fiction-friendly because it encourages disbelief, speculation, and credit. The early novel's thematic emphasis on gullibility, innocence deceived, rash promises extracted, and impetuous emotional and financial investments of all kinds point to the habit of mind it discourages. faith.

In this respect the novel becomes a kind of training ground in the analysis of motives and in treating various types of stories (both the true and

the made-up) as 'a kind of suppositional speculation'. More generally, she argues, 'almost all of the developments we associate with modernity—from greater religious toleration to scientific discovery—required the kind of cognitive provisionality one practises in reading fiction, a competence in investing contingent and temporary credit'.

This, I think, gets at what is epistemologically innovative about the novel form, and thus at some of the reasons for its social centrality over the last two to three centuries. Unlike many other, more metaphorical attempts to map the relation between literary and social forms, it specifies the pathways from the one to the other. It also has useful implications for thinking about fictional character, which Gallagher describes in terms of structures of identification made possible precisely by the make-believe nature of the novel's quasi-persons: it is the very unreality of literary characters, or rather the 'mutual implication of their unreal knowability and their apparent depth, the link between their real nonexistence and the reader's experience of them as deeply and impossibly familiar', that gives them their 'peculiar affective force'.

Historical analysis here shifts imperceptibly into an account of the formal categories that organize narrative—an analysis that transcends the period of European history with which Gallagher is concerned, but which can nevertheless be specified historically. Let me turn, then, to that more 'formalist' line of analysis which I have loosely associated with the work of Bakhtin and which I think is relatively under-represented in this collection. In one sense, of course, almost all of the essays in these two volumes are concerned with formal structures, especially those of genre; too many of them, however, are descriptive rather than analytic. Too few explore formal categories in the kind of depth that is required, and key categories—irony and time, to take two that Lukács isolates as core features of the genre—are largely absent, although Fredric Jameson has a characteristically authoritative account of the workings of providential time from its theological origins through its role in the *Bildungsroman* to its reincarnations in nineteenth-century realism and contemporary film. Alex Woloch's essay on minor characters in the novel goes in interesting ways to the question of the novelistic representation of persons but is, unfortunately, no more than a summary of his book published in 2003 on the structural role of minor characters, *The One vs the Many*. Andreas Gailus's essay on the German novella, 'Form and Chance', is imaginative and insightful in its reading of the structure of that unusually well-defined genre. The essay that most powerfully embodies this strand of analysis, however, is Mieke Bal's 'Over-writing as Un-writing: Descriptions, World-Making and Novelistic Time'—a careful unpicking of the functions of description in the novel. We tend to think of description as a kind of stasis, the frozen time of a quasi-pictorial representation; but in a series of

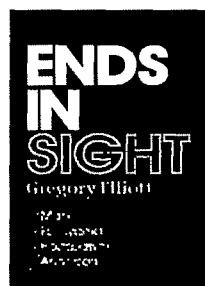
close readings of narrative passages Bal isolates and explores the peculiar temporality of description, or rather the way it activates the 'fundamental heterogeneity' of time, in order then to argue for its centrality (rather than, as is usually assumed, its marginality) to narrative, as well as the particular ways in which it both interrupts and drives forward storytelling in the novel.

This is an immensely rich collection, and I have barely touched on some of the most interesting work, much of which is contained in the sections that Moretti calls 'Readings' (brief analyses of particular texts) and 'Critical Apparatus'. The latter comprises, in Volume One, a section on 'The Semantic Field of Narrative', which explores a set of overlapping terms for structures and genres of storytelling: the Hebrew *midrash*, the Greek and Latin terms *mythos* and *fabula*, *monogatari*, *xiaoshuo* (literally 'small-talk'), the Arabic *qissa*, *romance* (with its variant forms in the Romance languages), and the Old-Russian *povest*. The other component of the Critical Apparatus is a series of statistical profiles of the market for novels in Europe, the US, Japan, India, Latin America and Africa. The Readings are more diverse and of unequal value: in Volume One a section called 'Traditions in Contact' looking at six novels from Lebanon, Japan, Turkey, Korea, South Africa and Iran, and another on novels from the Americas; and in Volume Two, a section on generic 'prototypes': the *Aethiopika* of Heliodorus, the tenth-century *Maqamat*, *Lazarillo de Tormes*, Madeleine de Scudéry's *Le Grand Cyrus*, Montesquieu's *Persian Letters*, Scott's *Waverley*, Sue's *Mysteries of Paris*, and Wells's *War of the Worlds*; a section on political novels; a section on 'The Sacrifice of the Heroine'; another on 'The New Metropolis' (novels thematizing and celebrating Shanghai, Buenos Aires, Lagos, Cairo, Havana, Bombay, and Istanbul); and a final section on experimental novels, from Rilke's *Malte Laurids Brigge* to Pynchon's *Gravity's Rainbow*.

Almost all of this is, at the least, informative, and much of the information has to do with traditions that are likely to be unfamiliar to many readers; the very fact of their unfamiliarity tells us something about the way the canon of the novel has been constructed. More generally, the collection's emphasis on the 'polygenesis' of the novel and on the wide range of archaic and cognate forms with which it shares the field of narrative is immensely valuable. What I take from it is a sense not so much of the value of comparative study (something for which several contributors argue) as of the value of differential analysis within a comparative framework. By entitling this collection 'The Novel' Moretti seems to suggest the unity and coherence of the form; but the force of the diversity of topics and forms it embraces is to underline the sheer heterogeneity of the genres of the novel.

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John Lewis Gaddis, *The Cold War*
Penguin: London 2007, £8.99, paperback
333 pp, 978 0 14 102532 2

John Lewis Gaddis, *Surprise, Security and the American Experience*
Harvard University Press: Cambridge, MA and London 2005,
£8.95, paperback
150 pp, 978 0 674 018365

ANDERS STEPHANSON

SIMPLICISSIMUS

John Lewis Gaddis has been one of the most ideological figures within the subfield of US 'diplomatic history'. All historians, of course, operate in and through ideology; Gaddis, however, has been unusual in foregrounding the ideological nature of his works. Though the message to be conveyed has not always been the same, he has been constant in his defence of US interests, and has consistently mirrored—albeit with slight lags—the prevailing attitudes of the powers that be. A realist in the 1970s and neo-Reaganite from the late 1980s onwards, Gaddis was somewhat disgruntled in the Clinton era, but has found the second Bush altogether more congenial. Gaddis's method, too, has endured across his extensive oeuvre: always disdainful of any excessive fascination with the archives, he has preferred to pick out some theme or idea and drive it through with relentless single-mindedness and clarity, subordinating every aspect of the proceedings to his ideological aim. His characterization of Ronald Reagan in his most recent book, *The Cold War*, applies equally to himself: 'His strength lay in his ability to see beyond complexity to simplicity'.

For Gaddis, the right kind of simplicity is not truth simplified, but truth itself. Contradiction, nuance and uncertainty tend to disappear from his work. This does not necessarily make it uninteresting: it takes a certain intelligence, confidence and ruthlessness to write this kind of history.

Gaddis published his dissertation on *The United States and the Origins of the Cold War* in 1972, and has been writing prolifically about the same topic since then, remaining essentially within its political framework. At the beginning of his career, his project was to defuse the revisionist critique of America's responsibility for the early Cold War, nationalist orthodoxy having been largely shot to pieces by Vietnam. It was, if you will, a containment strategy against revisionism—seeking to preserve the 'truth' of orthodoxy while making some concessions to the other side. Bored by such historiographical controversies, however, Gaddis began to move away from his own discipline in the mid-1970s, turning instead to the field of international relations. The shift was hardly surprising: his governing interest has always been policymaking at its most elevated, and neo-realist theory provided him with a means of reaching his ideal Beltway audience. Initially, the change in approach proved fertile, resulting in some of his best works: *Strategies of Containment* (1982) and *The Long Peace* (1986) are both products of this moment, where the combination of Gaddis's neorealist idiom and his close attention to the protocols of empirical evidence put a damper on any indiscriminate US nationalism.

With the disappearance of the USSR, however, Gaddis became disenchanted with international relations theory, mainly because of its—and his—failure to grasp the changes taking place during the 1980s in the Soviet Union and international system; after all, in *The Long Peace*, Gaddis himself had celebrated the stability of the Cold War at the very moment when it was coming to an end. He now began to slide to the right, under the towering influence of Reagan, and to seek inspiration in whatever areas happened to serve his ideological concerns of the moment. Hence his intermittent interest in chaos theory, plate tectonics and, in *The Cold War*, theatrics and drama. This sounds a lot more intellectually adventurous than it really is, since Gaddis's approach is always eminently reductionist.

Outside the academic world, and certainly outside the US, Gaddis has come to be seen as the most distinguished representative of diplomatic history, although he has distanced himself from its scholarly proceedings for quite some time, and is probably no longer considered central to the field by his colleagues. In 1997, he returned to his original area of expertise with *We Now Know: Rethinking Cold War History* (the unconvincing message of which was that Stalin was not only a communist but a romantic). Since moving from Ohio to Yale the same year, however, Gaddis has focused predominantly on 'Grand Strategy'—which he has described, typically, as an intuitive skill, requiring 'a certain shallowness'; no accident, then, that he has found avid readers in the Bush White House. But Gaddis has stayed notably clear of direct links to party politics. Originally from rural Texas, he has retained his domestic roots in traditional New Deal Democracy. Guarding his role as an

'independent' academic with the detachment and objectivity of a truth-telling historian has not only allowed him tactical room for manoeuvre; it is also the ultimate condition of his power.

Gaddis's latest opus on the Cold War has sold vastly more than any comparable work, and been widely regarded—again, outside the profession—as the authoritative word on the subject. Announced in its subtitle as 'a new history', the book is, from a scholarly viewpoint, nothing of the kind. Gaddis, defiantly, says as much himself, stating that he wrote the book in response to pleas from his agent and students for a more 'accessible' account, covering 'more years in fewer pages'. What we get is a set of undergraduate lectures, pulpit wisdom for a sympathetic and credulous audience. The narrative focuses on 'visions', good and evil, and how individual actors, good and evil, put them across in material settings; though with the exception of some perceptive passages about the nuclear game, the material aspect gets rather perfunctory attention. The Cold War was caused, not surprisingly, by Stalin, a very evil man indeed. Though he did not really want war, either hot or cold, Stalin got the latter because, just like Hitler, he sought to dominate Europe, thus eventually generating the kind of Western response he deserved. While the West at the end of the Second World War believed in the compatibility of incompatible systems—coexistence, if you will—Stalin believed that incompatible systems were precisely that. The shared victory of 1945 concealed the fact that the two systems were already at war, 'ideologically and geopolitically'. While the West was characterized above all by Hope, Stalin coupled Hope with pervasive Fear, which was to overshadow the world for the next five years.

The 1950s and the start of the nuclear arms race on a grand scale, however, brought a paradoxical lightening of the horizon: Gaddis describes the first American and Soviet hydrogen bomb tests of 1952–53 as 'a small but significant sign of hope for the human race'. For the massively increased lethality of the hydrogen bomb heralded what was to be confirmed in the Cuban Missile Crisis in 1962, namely, that no one could afford to let the Cold War turn into a hot one. The eve of destruction, then, provided for control and predictability, the kind of managed conflict that would receive its apotheosis in the détente of the 1970s. Alas, it was a false Hope. It was false, of course, because it left in place that unnatural command system, based on Fear, in the unnaturally extended East. While, for instance, Western occupations of Japan and Germany had been based on genuine self-determination, democracy, spontaneity and pragmatism, the Eastern system was one of command, repression, rigidity and a dogmatic belief in Theory over Practicality.

Meanwhile, in the same period 'autonomous' agents began to emerge: on the one hand the decolonized and non-aligned regimes, on the other free-wheeling 'high-wire acrobats' within the two Cold War camps—

pre-eminently, Mao and De Gaulle. The Cultural Revolution and May 68, respectively, brought the latter two down to earth, in Mao's case meaning the geopolitical opening to the United States. Little did the practitioners of realist statecraft realize that the return of Morality was just around the corner, heralded symbolically by Nixon's exit: the Constitution proved 'an adversary more powerful than either the Soviet Union or the international communist movement'. Thus, by the mid-1970s, a critical sense developed that there was indeed still a universal standard of justice. And what could be more obviously unjust than the geopolitical stability game known as *détente*? Nixon, after all, had ended up defending, in the name of *détente*, the internal stability of the Soviet Union: sordid Watergate was commensurate with the sordid compromises of the Cold War. As the decade wore on, the United States recovered its moral and political bearings, the Soviet Union declined economically and, partly led astray by Fidel, went berserk in the Third World; the stage was ready for the triumphant return of everlasting notions of Morality and Evil.

'Stage' is indeed the proper word, for the world-historical agents who effected this monumental shift were all 'actors' in the dramatic sense as well. The prophet here was Pope John Paul II, the erstwhile Polish actor who called the Soviet bluff in Eastern Europe and revealed the depth of its legitimacy crisis. He, along with other visionaries such as Margaret Thatcher, Lech Wałęsa, Deng Xiaoping, and, above all, Ronald Reagan, radically questioned the verities of the Cold War system.

Reagan's decisive contribution was to see that the Cold War was merely a convention, immorally institutionalized in the game of nuclear balancing, and, equally immorally, legitimating the historical perversity known as the Soviet Union. Thus he attacked the whole idea of *détente*—that 'the Soviet Union had earned geopolitical, economic, and moral legitimacy as an equal to the United States'. Further, Reagan had grasped 'that the Soviet Union, its empire, its ideology—and therefore the Cold War itself—was a sandpile ready to slide.' If pushed, the whole edifice would collapse. We know the end: 'The Triumph of Hope', in the title of Gaddis's climactic chapter. Gorbachev deserves credit for not unleashing violence; but 'the most deserving recipient ever of the Nobel Peace Prize' of course lacked a 'vision' proper. The Hope he offered, a kind of humanized socialism and the preservation of the Soviet Union, had no foundation and deservedly perished.

What can be said of this fantasy? There are passages of eloquence and analytical depth, especially on nuclear weapons, where Gaddis succinctly sets out the strategic implications for both sides of the unprecedented destructive power they now possessed. But on the whole, Gaddis presents a morality play which verges on a fairy tale. It would be easy to target the astonishingly idealized vision of pristine US virtue, from the initial proposition that the

United States in 1945 was the 'freest place' on earth to pontifications about the West's flexibility, practicality, ideological openness and so forth. There is little sense in arguing against this idyll, faith-based as it largely is. When we are told, however, that the revolutions in Eastern Europe crushed the idea 'that governments could base their legitimacy on an ideology that claimed to know the direction of history', it is hard not to see inadvertent irony: if any regime is built on the idea that it knows the direction of history, it is that of the US, as condensation of universal history and end of history in freedom. Gaddis, in fact, is unknowingly reiterating the basic theme of NSC 68, one of the foundational early Cold War documents: whereas freedom is natural and stands on its own, totalitarianism—like all forms of slavery—is entirely parasitic and cannot exist except as an attack on freedom, its antithesis. The effect of this vision is well known: there can be no legitimacy for the enemies of freedom, for how could opposition to the natural and universal standards of justice be acceptable? This, in my view, is what made the Cold War a Cold War: the US refusal after 1947 to accord the Soviet Union any geopolitical legitimacy, even as an enemy. Grounded in the putative historical lessons of the 1930s and the ensuing World War, it was this that enabled the Truman Administration to effect the massive, permanent peace-time entry of the United States into world politics.

Gaddis's scheme ensures there are no doubts about the justness of the Cold War's outcome: 'the world, I am quite sure, is a better place for that conflict having been fought in the way that it was and won by the side that won it.' This established, the only thing that remains to be determined is how well the Empire of Liberty executed its historically appointed task, and to hand out appropriate marks to the various actors in the story. What, for Gaddis, almost led the Empire astray was the nuclear balance of terror and certain counter-productive excesses, geopolitical and ethical, in the local fight against communism—the one by implying recognition of its opponent as an equal, the other by allowing freedom to become somewhat contaminated. While Gaddis understands entirely the mechanisms that impelled the US in the 1960s to come to terms, relatively speaking, with the Soviet Union, what animates his story is 'the return of equity'—the stunning reversal of the 1980s, as a reawakened US, under the leadership of the Great Communicator, vigorously challenged an increasingly decrepit Evil Empire.

In empirical terms, the storyline demands the least violence to historical nuance in its middle parts, the moments of putative excess and recognition. The early and late periods, conversely, require quite a great deal of it. Take, initially, Gaddis's account of 'origins'. It is simply not true that the Western powers and the Soviet Union were ideologically and geopolitically at war in 1945. Nor, arguably, did Stalin pursue a policy, either during the War or immediately afterwards, that went beyond the scope of traditional (tsarist)

geopolitics; nor did he assume that the basic great-power constellation of the War could not continue. Stalin was a hyper-realist. His outlook, and that of the Communist movement, was that of anti-fascist alliance politics, deemed (perhaps wrongly) to be in the long-term interests of his regime and the auxiliary movement he so often found a nuisance. Hence the extraordinarily conservative policy of the Communist Parties in France and Italy, the only ones with any real power in Western Europe, as they helped substantially to reconstruct capitalism in their respective countries until they were thrown out of the coalition governments in 1947. Hence too Stalin's incredulity at the revolutionary examples of Tito's Yugoslavia and Mao's China, and his subsequent suspicion, not unwarranted from his vantage point, of their essentially independent nature.

Gaddis's pivotal moment of reversal is even more spurious. The notion that the Reagan Administration could be featured within some general return to morality and universal standards of justice is nothing short of darkly amusing: it is hard to find another postwar US administration that so flagrantly and massively broke all rules of international conduct. Iran-Contra? Not mentioned. Arming pathological killers in El Salvador? Illegal mining of Nicaraguan harbours? Not mentioned. Support for South African apartheid and Saddam Hussein? Not mentioned. Almost in passing, Gaddis notes that Reagan's nuclear musings and moves came recklessly close to causing real war.

There remains the insurmountable problem called the People's Republic of China. Where does it fit in Gaddis's scheme? How could the United States virtually ally itself with the most radical of Communist regimes, which was not even diplomatically recognized, against a far more conservative one, officially committed to the idea of peaceful coexistence? On these issues, Gaddis offers nothing but cursory remarks, murmuring vaguely that the consensus on China is still unclear—as though any such consensual clarity would have mattered to him. This reticence stems from a certain ambiguity on the foundational question of whether the Cold War was a systemic conflict. If a utopian communist such as Mao could decide, on 'realistic' grounds, to ally with the US, and if the US could ally with him in the name of triangulation, what systemic dimension could there possibly be?

Gaddis does not confront this problem, because his overwhelming desire is not to explain the nature of the Cold War as such, but to recount the triumph of democratic capitalism over totalitarian communism. The end is thus inscribed in the beginning, which is why he has to insist that the whole period or system is essentially the same throughout. The story of timeless goodness requires that 1989–91 must be about 1945–47. That there was a US reversal and that the Soviet Union disappeared is not, of course, in doubt. However, the Soviet Union did not collapse, it was destroyed. Historical

accident also played a significant role: Chernobyl arguably had a greater impact on internal divergences at the Soviet top than Reagan's posturings. But these are complex historical problems that dreary clichés about decline, decrepitude and moral challenges do little to illuminate.

Historians may object to Gaddis's simplifications, but they go a long way among undergraduates, political scientists and presidents. George W. Bush would likely find the political tenor and plain talking of *The Cold War* much to his taste. In any event, in 2004 the President—without prompting—read Gaddis's *Surprise, Security, and the American Experience*, a very short book which purports to show that Bush's policy of pre-emption is thoroughly and safely within the historical traditions of US foreign policy. In Gaddis's view the War on Terror, invasion of Afghanistan and Operation Iraqi Freedom represent only an adaptation, if necessarily a radical one, of an underlying matrix dating back as far as 1814 when, after the British occupied and burnt down Washington, DC, John Quincy Adams articulated the three methods by which American security should be assured. Bush is in fact merely the last in a long line of US leaders who have engaged in 'pre-emption', 'unilateralism' and 'hegemony'. Behind this American trinity, however, lies an even more fundamental continuity in the country's way of being towards the world: when threatened, the United States tends not to contract its security sphere but expand it aggressively—most saliently at moments when the homeland is subjected to direct, surprise hits (1814, 1941, 2001).

On this view, the Second World War and ensuing Cold War were aberrations. For Roosevelt, saddled after 1941 with difficult military exigencies, could not practice either pre-emption or unilateralism, and the necessities of the Cold War—alliances, nuclear weapons—also dictated reliance on 'hegemony' alone. Reagan defeated the Evil Empire, of course, but in the 1990s, just when objective conditions were ripe for the final eradication of tyranny, there was a failure of American nerve and vision. Clinton and his ilk, devoid of a Grand Strategy or any sense of History, imagined that capitalist globalization would by itself take care of matters. The depth of this illusion was revealed by the incomprehensibly evil deeds of September 11, which set the stage for George W. Bush's metamorphosis into 'the first great grand strategist of the 21st century'—'one of the most surprising transformations of an underrated national leader since Prince Hal became Henry V'.

The Bush Doctrine of 2002 was the properly deterritorialized response to a new kind of deterritorialized threat: intervening anywhere and everywhere, should the occasion so require. In today's world, 'respecting sovereignty is no longer sufficient because that implies a game in which the players understand and respect the rules. In this new game there are no rules.' A strategy of pre-emption, unilateralism and hegemony is what is called for, this time on a global scale. Bush's method for defusing the threat of terrorism,

meanwhile, is 'breathtakingly simple: it is to spread democracy everywhere'. For terrorism has nothing to do with the US or Israel, and everything to do with the frustrations of living in tyrannical or authoritarian Islamic societies. Gaddis is much more interested in altering society than in terrorism as such—'regime change', in the terminology of choice. The dominant idea is to initiate the democratic transformation of the Middle East, bringing it into the 'modern world', and thus finally to realize the Wilsonian vision of a world made safe for democracy.

Gaddis portrays the early phases of this strategy's implementation in the most enthusiastic terms:

The Bush Administration got a taste of Agincourt with its victory over the Taliban at the end of 2001, to which the Afghans responded by gleefully shaving their beards, shedding their burkas, and cheering the infidels—even to the point of lending them horses from which they laser-marked bomb targets.

After this stunning success, the US could confidently march onward to Iraq, where a range of world-historical missions could be accomplished. Here is Gaddis ventriloquizing Bush:

We could complete the task that the Gulf War left unfinished. We could destroy whatever weapons of mass destruction Saddam might have accumulated since. We could end whatever support he was providing for terrorists beyond Iraq's borders, notably those who acted against Israel. We could liberate the Iraqi people. We could ensure an ample supply of inexpensive oil. We could set in motion a process that could undermine and ultimately remove reactionary regimes elsewhere in the Middle East, thereby eliminating the principal breeding ground for terrorism.

This was of course the view of the then dominant neo-cons—but one they shared, it should be recalled, with a number of liberal interventionists. It no doubt explains the White House's enthusiasm for the book; Gaddis was even invited to help the President work out some of the passages on pre-emption in his inaugural speech of January 2005. By that time, of course, as the difficulties in Mesopotamia were becoming obvious, Gaddis was having second thoughts about the invasion; in the latter stages of *Surprise*, he gives greater symbolic salience to the figure of Bismarck, who knew not only when to shock and awe but also, prudently, when to stop. Nonetheless, the US remains the home of Liberty: 'we are, if not the last hope of earth, then certainly in the eyes of most of its inhabitants still the best'.

Five years after the shock and awe it is not obvious that anyone remembers the idea of a Bush Doctrine. But despite its ephemerality, Gaddis is right, for the wrong reasons, to have insisted that it was a real shift. At no time in the history of the United States has anyone ever declared the supreme right to do

whatever one chooses wherever one chooses—in effect, global sovereignty. One should not trivialize this move, which took the leeway already granted by Clinton's 'humanitarian interventionism' a decisive step farther. Otherwise, however, the book is largely yet another ideological exercise, in which Gaddis superimposes the ruling concerns of the present onto the past. Normalizing and naturalizing Bush as an innovative traditionalist is vintage Gaddis: rather than sanitizing the president by dressing him up in nicer imagery, he provides Bush with historical pedigree, making him a latter-day John Quincy Adams. As in *Cold War*, the end is present in the beginning. The procedure is circular: the Bush Doctrine is projected backwards and found to be the traditional 'Truth of America', which can then be traced forwards to its properly American end in the very same Bush Doctrine.

Gaddis's overall argument—that the US has a long history of pre-emption and unilateralism—might seem a fairly accurate depiction of US imperialism, if inverted; the good here being bad. Empirically, alas, the problem is that the whole is false. While the United States has certainly engaged liberally in pre-emption, this has not always or even chiefly been part of any 'Grand Strategy', or due to notions of security or insecurity. The territorial expansion of the 19th century likewise had little to do with Grand Strategy, but was rather heavily imbricated in, and indeed largely preconditioned by, relatively autonomous economic interests and processes. The United States, not to put too fine a point on it, was about more and better capitalism. More particularly, to the extent that there was a 'security surprise' that enlarged US conceptions of its interests in the 19th century, it was not the burning of the tiny provincial city of Washington by Admiral Cockburn in 1814, but the Black Jacobin revolution in Haiti, which not only scared the wits out of the slave-owning liberal Thomas Jefferson, but, ironically was also what ultimately allowed him to buy the Louisiana Territory from Napoleon, and so double the size of the country.

In any case, the occupation of Washington can scarcely have come as a surprise to the Americans since they themselves had declared war two years earlier, and had occupied York, capital of British Upper Canada, in 1813. The next huge addition of land, acquired after the aggression against Mexico of 1846–48, was similarly not the product of surprise but the combined result of frontier penetration, profitable cotton slavery and the promise of acquiring excellent harbours on the West Coast. It had nothing to do with 'pre-emption' in the sense that we will find after 9/11. Gaddis also misrepresents the Monroe Doctrine, which Adams composed in 1823 not in response to the war with the British, but to the crumbling of the Spanish Empire in Latin America. Adams, a complex and contradictory figure, was certainly an expansionist, but was sharply and unequivocally against intervention

beyond the immediate vicinity of the existing borders, and certainly against interventionism in the name of extending 'liberty'.

Moreover, pre-emption, unilateralism and hegemony cannot be said to form a specifically 'American' trinity as Gaddis contends. Indeed, there is arguably no trinity at all: what makes the former two effective is, in the end, hegemony. Without this normative ingredient, pre-emption and unilateralism would become simple tools of classical statecraft, or, put differently, the military house rules of the state of Israel. This, not the redoubtable John Quincy Adams, seems the immediate model. The major shortcoming of Gaddis's account, however, is the projection of strategic coherence and lucidity. For explanations of US foreign policy are, on the contrary, for long periods marked by a strong arbitrariness, which is in turn an expression of several 'domestic' factors: the relative unimportance of foreign relations as such (with some spasmodic exceptions); the overwhelmingly domestic reproduction of the ruling classes; and a federalism which, paradoxically, at times affords an extraordinary licence to the monarchical presidency, not least because of his very real prerogatives as commander-in-chief. Within a certain ideological range, the White House has a remarkable latitude, which means that the character of its tenant can often matter more systemically to the outside than to the inside.

Gaddis's reputation as a historian, however, will not ultimately be determined either by his neo-Reaganite Cold War fable or his support for the Bush Doctrine, but by his forthcoming official biography of George Kennan. Like Adams a central figure in the annals of US foreign relations, Kennan is still more contradictory and difficult to handle, above all because he was capable of being so critical of both conventional policy and the United States as a society. His final act as a public intellectual—he died in 2005 at the imposing age of 101—had been to castigate the whole of Washington officialdom, including weak-kneed Democrats, for falling in with Bush's grossly wrongheaded invasion of Iraq. Such critical idiosyncrasies will not be processed so smoothly by the Gaddisian code machine, otherwise so effective in turning everything into a version of Gaddis himself.

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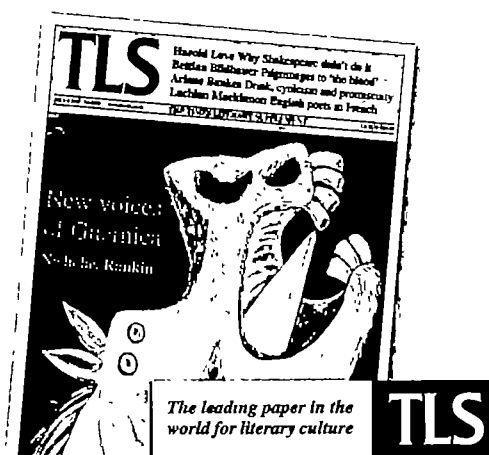
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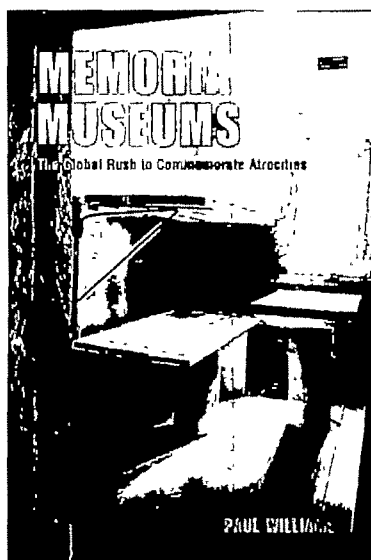
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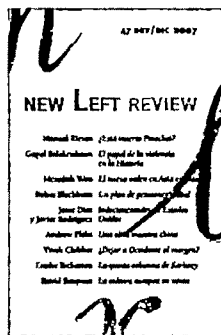
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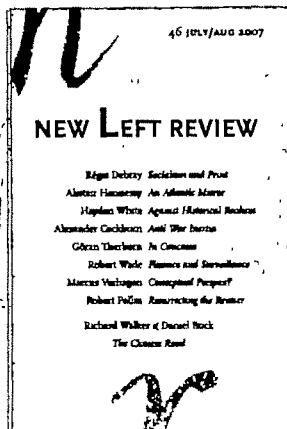


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SINGLE ISSUES: £21/\$40/€32 (institutions), £7/\$12/€12 (individuals)

PUBLISHED BY: New Left Review Ltd (ISSN 0028-6060)

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PUBLISHED six times a year in January, March, May, July, September and November

UK DISTRIBUTOR: Central Books, London

US DISTRIBUTORS: Ingram Periodicals, La Vergne, TN

Ubiquity, Brooklyn, NY

US POSTAGE: Periodicals postage paid at Rahway, NJ

US AGENT: Mercury International, 365 Blair Road, Avenel, NJ 07001

US POSTMASTER: Send address corrections to New Left Review, 365 Blair Road, Avenel, NJ 07001

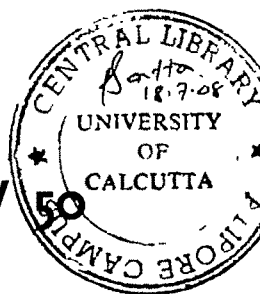
PRINTED BY: Alden Press, Oxford

DESIGNED BY: Peter Campbell

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Editorial

AFGHANISTAN: MIRAGE OF THE GOOD WAR

RARELY HAS THERE been such an enthusiastic display of international unity as that which greeted the invasion of Afghanistan in 2001. Support for the war was universal in the chanceries of the West, even before its aims and parameters had been declared. NATO governments rushed to assert themselves 'all for one'. Blair jetted round the world, proselytizing the 'doctrine of the international community' and the opportunities for peace-keeping and nation-building in the Hindu Kush. Putin welcomed the extension of American bases along Russia's southern borders. Every mainstream Western party endorsed the war; every media network—with BBC World and CNN in the lead—became its megaphone. For the German Greens, as for Laura Bush and Cherie Blair, it was a war for the liberation of the women of Afghanistan.¹ For the White House, a fight for civilization. For Iran, the impending defeat of the Wahhabi enemy.

Three years later, as the chaos in Iraq deepened, Afghanistan became the 'good war' by comparison. It had been legitimized by the UN—even if the resolution was not passed until after the bombs had finished falling—and backed by NATO. If tactical differences had sharpened over Iraq, they could be resolved in Afghanistan. First Zapatero, then Prodi, then Rudd, compensated for pulling troops out of Iraq by dispatching them to Kabul.² France and Germany could extol their peace-keeping or civilizing roles there. As suicide bombings increased in Baghdad, Afghanistan was now—for American Democrats keen to prove their

'security' credentials—the 'real front' of the war on terror, supported by every US presidential candidate in the run-up to the 2008 elections, with Senator Obama pressuring the White House to violate Pakistani sovereignty whenever necessary. With varying degrees of firmness, the occupation of Afghanistan was also supported by China, Iran and Russia; though in the case of the latter, there was always a strong element of *Schadenfreude*. Soviet veterans of the Afghan war were amazed to see their mistakes now being repeated by the United States in a war even more inhumane than its predecessor.

Meanwhile, the number of Afghan civilians killed has exceeded many tens of times over the 2,746 who died in Manhattan. Unemployment is around 60 per cent and maternal, infant and child mortality levels are now among the highest in the world. Opium harvests have soared, and the 'Neo-Taliban' is growing stronger year by year. By common consent, Karzai's government does not even control its own capital, let alone provide an example of 'good governance'. Reconstruction funds vanish into cronies' pockets or go to pay short-contract Western consultants. Police are predators rather than protectors. The social crisis is deepening. Increasingly, Western commentators have evoked the spectre of failure—usually in order to spur *encore un effort*. A *Guardian* leader summarizes: 'Defeat looks possible, with all the terrible consequences that will bring.'³

Two principal arguments, often overlapping, are put forward as to 'what went wrong' in Afghanistan. For liberal imperialists, the answer can

¹ In fact, the only period in Afghan history where women were granted equal rights and educated was from 1979–89, the decade it was ruled by the PDPA, backed by Soviet troops. Repressive in many ways, on the health and education fronts real progress was achieved, as in Iraq under Saddam. Hence the nostalgia for the past amongst poorer sections of society in both countries

² Visiting Madrid after Zapatero's election triumph of March 2008, I was informed by a senior government official that they had considered a total withdrawal from Afghanistan a few months before the polls but had been outmanoeuvred by the US promising Spain that the head of its military would be proposed for commander of the NATO forces, and a withdrawal from Kabul would disrupt this possibility. Spain drew back, only to discover it had been tricked.

³ 'Failing State', *Guardian*, 1 February 2008; see also 'The Good War, Still to Be Won' and 'Gates, Truth and Afghanistan', *New York Times*, 20 August 2007 and 12 February 2008; 'Must they be wars without end?', *Economist*, 13 December 2007, International Crisis Group, 'Combating Afghanistan's Insurgency', 2 November 2006.

be summarized in two words: 'not enough'. The invasion organized by Bush, Cheney and Rumsfeld was done on the cheap. The 'light footprint' demanded by the Pentagon meant that there were too few troops on the ground in 2001–02. Financial commitment to 'state-building' was insufficient. Though it may now be too late, the answer is to pour in more troops, more money—'multiple billions' over 'multiple years', according to the US Ambassador in Kabul.⁴ The second answer—advanced by Karzai and the White House, but propagated by the Western media generally—can be summed up in one word: Pakistan. Neither of these arguments holds water.

Political failures

True, there was a sense of relief in Kabul when the Taliban's Wahhabite Emirate was overthrown. Though rape and heroin production had been curtailed under their rule, warlords kept at bay and order largely restored in a country that had been racked by foreign and civil wars since 1979, the end result had been a ruthless social dictatorship with a level of control over the everyday lives of ordinary people that made the clerical regime in Iran appear an island of enlightenment. The Taliban government fell without a serious struggle. Islamabad, officially committed to the US cause, forbade any frontal confrontation.⁵ Some Taliban zealots crossed the border into Pakistan, while a more independent faction loyal to Mullah Omar decamped to the mountains to fight another day. Kabul was undefended; the BBC war correspondent entered the capital before the Northern Alliance. What many Afghans now expected from a successor government was a similar level of order, minus the repression and social restrictions, and a freeing of the country's spirit. What they were instead presented with was a melancholy spectacle that blasted all their hopes.

The problem was not lack of funds but the Western state-building project itself, by its nature an exogenous process—aiming to construct an army able to suppress its own population but incapable of defending

⁴ *New York Times*, 5 November 2006.

⁵ Pakistan's key role in securing this 'victory' was underplayed in the Western media at the time. The public was told that it was elite Special Forces units and CIA 'specialists' that had liberated Afghanistan; having triumphed here they could now be sent on to Iraq.

the nation from outside powers; a civil administration with no control over planning or social infrastructure, which are in the hands of Western NGOs; and a government whose foreign policy marches in step with Washington's. It bore no relation to the realities on the ground. After the fall of the Taliban government, four major armed groups re-emerged as strong regional players. In the gas-rich and more industrialized north, bordering the Central Asian republics of Uzbekistan and Tajikistan, the Uzbek warlord Rashid Dostum was in charge with his capital in Mazar-i-Sharif. Allied first to the Communists, later the Taliban and most recently NATO, General Dostum had demonstrated his latest loyalty by massacring 2–3,000 Taliban and Arab prisoners under the approving gaze of US intelligence personnel in December 2001.

Not too far from Dostum, in the mountainous north-east of the country, a region rich in emeralds, lapis lazuli and opium, the late Ahmed Shah Masoud had built a fighting organization of Tajiks, who regularly ambushed troops on the Salang Highway that linked Kabul to Tashkent during the Soviet occupation. Masoud had been the leader of the armed wing of Burhanuddin Rabbani's Jamaat-i-Islami, which operated in tandem with an allied Islamist leader, Abd al-Rabb Sayyaf (both men were lecturers in *sharia* at the law faculty of Kabul University in 1973, where these movements were incubated). Until 1993 they were funded by Saudi Arabia, after which the latter gradually shifted its support to the Taliban. Masoud maintained a semi-independence during the Taliban period, up to his death on 9 September 2001.⁶ Masoud's supporters are currently in the government, but are not considered one hundred per cent reliable as far as NATO is concerned.

To the west, sheltered by neighbouring Iran, lies the ancient city of Herat, once a centre of learning and culture where poets, artists and scholars flourished. Among the important works illustrated here over the course of three centuries was a 15th-century version of the classic *Miraj-nameh*, an early medieval account of the Prophet's ascent to heaven from the Dome

⁶Masoud had been a favourite pin-up in Paris during the Soviet–Afghan war, usually portrayed as a ruggedly romantic, anti-Communist Che Guevara. His membership of Rabbani's Islamist group and reactionary views on most social issues were barely mentioned. But if he had presented an image of incorruptible masculinity to his supporters in the West, it was not the same at home. Rape and the heroin trade were not uncommon in areas under his control.



of the Rock and the punishments he observed as he passed through hell.⁷ In modern Herat, the Shia warlord Ismail Khan holds sway. A former army captain inspired by the Islamic Revolution in Iran, Ismail achieved instant fame by leading a garrison revolt against the pro-Moscow regime in 1979. Backed by Teheran he built up a strong force that united all the Shia groups and were to trouble the Russians throughout their stay. Tens of thousands of refugees from this region (where a Persian dialect is the spoken language) were given work, shelter and training in Iran. From 1992–95, the province was run on authoritarian lines. It was a harsh regime: Ismail Khan's half-witted effrontery soon began to alienate his allies, while his high-tax and forced conscription policies angered peasant families. By the time the Taliban took power in Kabul in 1996, support had already drained away from the warlord. Herat fell without a struggle,

⁷ The stunning illustrations were exquisitely calligraphed by Malik Bakshi in the Uighur script. There are 61 paintings in all, created with great love for the Prophet of Islam. He is depicted with Central Asian features and seen flying to heaven on a magical steed with a woman's head. There are also illustrations of a meeting with Gabriel and Adam, a sighting of houris at the gates of Paradise, and of winebibbers being punished in hell. European scholars have suggested that an early Latin translation of the poem may have been a source of inspiration for Dante.

and Ismail was imprisoned by the Taliban, only escaping in March 2000. His supporters meanwhile crossed the border to Iran where they bided their time, to return in October 2001 under NATO cover.

The south was another story again. The Pashtun villages bore the brunt of the fighting during the 1980s and 90s.⁸ Rapid population growth, coupled with the disruptions of war and the resulting loss of livestock, hastened the collapse of the subsistence economy. In many districts this was replaced by poppy cultivation and the rule of local bandits and strongmen. By the early 1990s, three militant Sunni groups had acquired dominance in the region: the Taliban, the group led by Ahmed Shah Masoud from the Panjsher province, and the followers of Gulbuddin Hekmatyar, once Pakistan's favourite, who had been groomed by the Saudis as the new leader. The jihad was long over, and now the jihadis were at each other's throats, with control of the drug trade the major stake in a brutal power struggle. Under Benazir Bhutto's second premiership, Pakistan's military backing for the Taliban proved decisive. But the overthrow of the Mullah Omar government in the winter of 2001 saw the re-emergence of many of the local gangsters whose predations it had partly checked.

Anointment of Karzai

Washington assigned the task of assembling a new government to Zalmay Khalilzad, its Afghan-American pro-consul in Kabul. The capital was occupied by competing militias, united only by opposition to the toppled Taliban, and their representatives had to be accommodated on every level. The Northern Alliance candidate for president, Abdul Haq of Jalalabad, had conveniently been captured and executed in October 2001 by the Taliban when he entered the country with a small group from Pakistan. (His supporters alleged betrayal by the CIA and the ISI, who were unhappy about his links to Russia and Iran, and tipped off Mullah Omar.) Another obvious anti-Taliban candidate was Ahmed Shah Masoud; but he had

⁸ Afghanistan's ethnography has generated a highly politicized statistical debate. The 6-year survey carried out by a Norwegian foundation is probably the most accurate. This suggests that Pashtuns make up an estimated 63 per cent of the population, along with the mainly Persian-speaking Tajiks (12 per cent), Uzbeks (9 per cent) and the mainly Shia Hazaras (6 per cent): WAK Foundation, Norway 1999. The CIA Factbook, by contrast, gives 42, 27, 9 and 9 per cent respectively. The tiny non-Muslim minority of Hindus and Sikhs, mainly shopkeepers and traders in Kabul, were displaced by the Taliban, some were killed, and thousands fled to India.

also been killed—by a suicide bomber of unknown provenance—two days before 9.11. Masoud would no doubt have been the EU choice for Afghan president, had he lived; the French government issued a postage stamp with his portrait, and Kabul airport bears his name. Whether he would have proved as reliable a client as Khalilzad's transplanted protégé, Hamid Karzai, must now remain an open question.

Aware that the US could not run the country without the Northern Alliance and its backers in Teheran and Moscow, Khalilzad toned down the emancipatory rhetoric and concentrated on the serious business of occupation. The coalition he constructed resembled a blind octopus, with mainly Tajik limbs and Karzai as its unseeing eye. The Afghan president comes from the Durrani tribe of Pashtuns from Kandahar. His father had served in a junior capacity in Zahir Shah's government. Young Karzai backed the mujaheddin against Russia and later supported the Taliban, though he turned down their offer to become Afghanistan's Ambassador to the UN, preferring to relocate and work for UNOCAL. Here he backed up Khalilzad, who was then representing CentGas in their bid to construct a pipeline that would take gas from Turkmenistan across Afghanistan to Pakistan and India.⁹

After his appointment as interim president, the Saudi daily *Al-Watan* published a revealing profile of Karzai, stating that he had been a CIA pawn since the 80s, with his status on the Afghan chessboard enhanced every few years:

Since then, Karzai's ties with the Americans have not been interrupted. At the same time, he established ties with the British and other European and

⁹ The CentGas consortium, incorporated in 1997, included UNOCAL, Gazprom, Hyundai and oil companies from Saudi Arabia, Japan and Pakistan. In late 1997 a Taliban delegation received full honours when they visited UNOCAL HQ, hoping to sign the £2bn pipeline contract. According to the *Sunday Telegraph* ('Oil Barons Court Taliban in Texas', 14 December 1997): 'the Islamic warriors appear to have been persuaded to close the deal, not through delicate negotiation but by old-fashioned Texan hospitality. Dressed in traditional *shalwar kameez*, Afghan waistcoats and loose, black turbans, the high-ranking delegation was given VIP treatment during the four-day stay.' The project was suspended in 1998, as the Taliban were split on whom to award the pipeline project to: Mullah Rabbani preferred the offer from the Argentine company Bidas, while Mullah Omar was strongly in favour of the American-led deal. But US-Taliban contacts continued till mid-2001 both in Islamabad and New York, where the Taliban maintained a 'diplomatic office' headed by Abdul Hakim Mojahed.

international sides, especially after he became deputy foreign minister in 1992 in the wake of the Afghan mujaheddin's assumption of power and the overthrow of the pro-Moscow Najibullah regime. Karzai found no contradiction between his ties with the Americans and his support for the Taliban movement as of 1994, when the Americans had—secretly and through the Pakistanis—supported the Taliban's assumption of power to put an end to the civil war and the actual partition of Afghanistan due to the failure of Burhanuddin Rabbani's experience in ruling the country.¹⁰

Karzai was duly installed in December 2001, but intimacy with us intelligence networks failed to translate into authority or legitimacy at home. Karzai harboured no illusions about his popularity in the country. He knew his biological and political life was heavily dependent on the occupation and demanded a bodyguard of us Marines or American mercenaries, rather than a security detail from his own ethnic Pashtun base.¹¹ There were at least three coup attempts against him in 2002–03 by his Northern Alliance allies; these were fought off by the ISAF, which was largely tied down in assuring Karzai's security—while also providing a vivid illustration of where his support lay.¹² A quick-fix presidential contest organized at great expense by Western PR firms in October 2004—just in time for the us elections—failed to bolster support for the puppet president inside the country. Karzai's habit of parachuting his relatives and protégés into provincial governor or police chief jobs has driven many local communities into alliance with the Taliban, as the main anti-government force. In Zabul, Helmand and elsewhere, all the insurgents had to do was 'approach the victims of the pro-Karzai strongmen and promise them protection and support. Attempts by local elders to seek protection in Kabul routinely ended nowhere, as the wrongdoers enjoyed either direct US support or Karzai's sympathy.'¹³

Nor is it any secret that Karzai's younger brother, Ahmad Wali Karzai, has now become one of the richest drug barons in the country. At a meeting with Pakistan's president in 2005, when Karzai was bleating

¹⁰ BBC Monitoring Service, 15 December 2001.

¹¹ The late Benazir Bhutto made the same request for American protection on her return to Pakistan, but in her case it was vetoed by Islamabad.

¹² Barry McCaffrey, 'Trip to Afghanistan and Pakistan', US Military Academy Memorandum, West Point, NY 2006, p. 8.

¹³ Antonio Giustozzi, *Koran, Kalashnikov and Laptop: the Neo-Taliban Insurgency in Afghanistan*, London 2007, p. 60. The corruption and brutality of the newly established Afghan National Police is also widely credited with turning the population against the Karzai government.

about Pakistan's inability to stop cross-border smuggling, Musharraf suggested that perhaps Karzai should set an example by bringing his sibling under control. (The hatred for each other of these two close allies of Washington is well known in the region.)

New inequalities

Also feeding the resentment is the behaviour of a new elite clustered around Karzai and the occupying forces, which has specialized in creaming off foreign aid to create its own criminal networks of graft and patronage. The corruptions of this layer grow each month like an untreated tumour. Western funds are siphoned off to build fancy homes for the native enforcers. Housing scandals erupted as early as 2002, when cabinet ministers awarded themselves and favoured cronies prime real estate in Kabul where land prices were rocketing, since the occupiers and their camp followers had to live in the style to which they were accustomed. Karzai's colleagues, protected by ISAF troops, built their large villas in full view of the mud-brick hovels of the poor. The burgeoning slum settlements of Kabul, where the population has now swollen to an estimated 3 million, are a measure of the social crisis that has engulfed the country.

The ancient city has suffered cruelly over the past thirty years. Jade Maiwand, the modernized 'Oxford Street' cut through the centre in the 1970s, was reduced to rubble during the warfare of 1992–96. An American-Afghan architect describes how Kabul has been relentlessly transformed:

from a modern capital, to the military and political headquarters of an invading army, to the besieged seat of power of a puppet regime, to the front lines of factional conflict resulting in the destruction of two-thirds of its urban mass, to the testing fields of religious fanaticism which erased from the city the final layers of urban life, to the target of an international war on terrorism.¹⁴

Yet never have such gaping inequalities featured on this scale before. Little of the supposed \$19 billion 'aid and reconstruction' money has reached the majority of Afghans. The mains electricity supply is worse now than five years ago, and while the rich can use private generators to power their air conditioners, hot-water heaters, computers and satellite

¹⁴ Ajmal Maiwandi, 'Re-Doing Kabul', presented at LSE, 11 July 2002.

TVs, average Kabulis 'suffered a summer without fans and face a winter without heaters.'¹⁵ As a result, hundreds of shelterless Afghans are literally freezing to death each winter.

Then there are the NGOs who descended on the country like locusts after the occupation. As one observer reports:

A reputed 10,000 NGO staff have turned Kabul into the Klondike during the gold rush, building office blocks, driving up rents, cruising about in armoured jeeps and spending stupefying sums of other people's money, essentially on themselves. They take orders only from some distant agency, but then the same goes for the American army, NATO, the UN, the EU and the supposedly sovereign Afghan government.¹⁶

Even supporters of the occupation have lost patience with these bodies, and some of the most successful candidates in the 2005 National Assembly elections made an attack on them a centre-piece of their campaigns. Worse, according to one US specialist, 'their well-funded activities highlighted the poverty and ineffectiveness of the civil administration and discredited its local representatives in the eyes of the local populace.'¹⁷ Unsurprisingly, NGO employees began to be targeted by the insurgents, including in the north, and had to hire mercenary protection.

In sum: even in the estimate of the West's own specialists and institutions, 'nation-building' in Afghanistan has been flawed in its very conception. It has so far produced a puppet president dependent for his survival on foreign mercenaries, a corrupt and abusive police force, a 'non-functioning' judiciary, a thriving criminal layer and a deepening social and economic crisis. It beggars belief to argue that 'more of this' will be the answer to Afghanistan's problems.

An Afghan surge?

The argument that more NATO troops are the solution is equally unsustainable. All the evidence suggests that the brutality of the occupying forces has been one of the main sources of recruits for the Taliban.

¹⁵ Barnett Rubin, 'Saving Afghanistan', *Foreign Affairs*, January–February 2007.

¹⁶ Simon Jenkins, 'It takes inane optimism to see victory in Afghanistan', *Guardian*, 8 August 2007.

¹⁷ S. Frederick Starr, 'Sovereignty and Legitimacy in Afghan Nation-Building', in Fukuyama, ed., *Nation-Building Beyond Afghanistan and Iraq*, Baltimore 2006, p. 117.

American air power, lovingly referred to as 'Big Daddy' by frightened US soldiers on unwelcome terrain, is far from paternal when it comes to targeting Pashtun villages. There is widespread fury among Afghans at the number of civilian casualties, many of them children. There have been numerous incidents of rape and rough treatment of women by ISAF soldiers, as well as indiscriminate bombing of villages and house-to-house search-and-arrest missions. The behaviour of the foreign mercenaries backing up the NATO forces is just as bad. Even sympathetic observers admit that 'their alcohol consumption and patronage of a growing number of brothels in Kabul . . . is arousing public anger and resentment.'¹⁸ To this could be added the deaths by torture at the US-run Bagram prison and the resuscitation of a Soviet-era security law under which detainees are being sentenced to 20-year jail terms on the basis of summary allegations by US military authorities. All this creates a thirst for dignity that can only be assuaged by genuine independence.

Talk of 'victory' sounds increasingly hollow to Afghan ears. Many who detest the Taliban are so angered by the failures of NATO and the behaviour of its troops that they are pleased there is some opposition. What was initially viewed by some locals as a necessary police action against al-Qaeda following the 9.11 attacks is now perceived by a growing majority in the region as a fully fledged imperial occupation. Successive recent reports have suggested that the unpopularity of the government and the 'disrespectful' behaviour of the occupying troops have had the effect of creating nostalgia for the time when the Taliban were in power. The repression leaves people with no option but to back those trying to resist, especially in a part of the world where the culture of revenge is strong. When a whole community feels threatened it reinforces solidarity, regardless of the character or weakness of those who fight back. This does not just apply to the countryside. The mass protests in Kabul, when civilians were killed by an American military vehicle, signalled the obvious targets:

Rioters chanted slogans against the United States and President Karzai and attacked the Parliament building, the offices of media outlets and non-governmental organizations, diplomatic residences, brothels, and hotels and restaurants that purportedly served alcohol. The police, many of whom disappeared, proved incompetent, and the vulnerability of the government to mass violence became clear.¹⁹

¹⁸ Barnett Rubin, 'Proposals for Improved Stability in Afghanistan', in Ivo Daalder et al, eds, *Crescent of Crisis: US-European Strategy for the Greater Middle East*, Washington, DC 2006, p. 149.

¹⁹ Rubin, 'Saving Afghanistan'.

As the British and Russians discovered to their cost in the preceding two centuries, Afghans do not like being occupied. If a second-generation Taliban is now growing and creating new alliances it is not because its sectarian religious practices have become popular, but because it is the only available umbrella for national liberation. Initially, the middle-cadre Taliban who fled across the border in November 2001 and started low-level guerrilla activity the following year attracted only a trickle of new recruits from madrasas and refugee camps. From 2004 onwards, increasing numbers of young Waziris were radicalized by Pakistani military and police incursions in the tribal areas, as well as devastating attacks on villages by unmanned us 'drones'. At the same time, the movement was starting to win active support from village mullahs in Zabul, Helmand, Ghazni, Paktika and Kandahar provinces, and then in the towns. By 2006 there were reports of Kabul mullahs who had previously supported Karzai's allies but were now railing against the foreigners and the government; calls for jihad against the occupiers were heard in the north-east border provinces of Takhar and Badakhshan.

The largest pool for new Taliban recruits, according to a well-informed recent estimate, has been 'communities antagonized by the local authorities and security forces'. In Kandahar, Helmand and Uruzgan, Karzai's cronies—district and provincial governors, security bosses, police chiefs—are quite prepared to tip off us troops against their local rivals, as well as subjecting the latter to harassment and extortion. In these circumstances, the Taliban are the only available defence. (According to the same report, the Taliban themselves have claimed that families driven into refugee camps by indiscriminate us airpower attacks on their villages have been their major source of recruits.) By 2006 the movement was winning the support of traders and businessmen in Kandahar, and led a mini 'Tet offensive' there that year. One reason suggested for their increasing support in towns is that the new-model Taliban have relaxed their religious strictures, for males at least—no longer demanding beards or banning music—and improved their propaganda: producing cassette tapes and CDs of popular singers, and DVDs of us and Israeli atrocities in Iraq, Lebanon and Palestine.²⁰

The re-emergence of the Taliban cannot therefore simply be blamed on Islamabad's failure to police the border, or cut 'command and control' links, as the Americans claim. While the ISI played a crucial role

²⁰ Giustozzi, *Koran, Kalashnikov and Laptop*, pp. 42, 69.

in bringing the Taliban to power in 1996 and in the retreat of 2001, they no longer have the same degree of control over a more diffuse and widespread movement, for which the occupation itself has been the main recruiting sergeant. It is a traditional colonial ploy to blame 'outsiders' for internal problems: Karzai specializes in this approach. If anything, the destabilization functions in the other direction: the war in Afghanistan has created a critical situation in two Pakistani frontier provinces, and the use of the Pakistan army by Centcom has resulted in suicide terrorism in Lahore, where the Federal Investigation Agency and the Naval War College have been targeted by supporters of the Afghan insurgents. The Pashtun majority in Afghanistan has always had close links to its fellow Pashtuns in Pakistan. The present border was an imposition by the British Empire, but it has always remained porous. It is virtually impossible to build a Texan fence or an Israeli wall across the mountainous and largely unmarked 1,500-mile frontier that separates the two countries.

Older models

The current occupation of Afghanistan naturally recalls colonial operations in the region, not just to Afghans but to some Western myth-makers—usually British, but with a few Subcontinental mimics—who try to draw lessons from the older model; the implication being that the British were 'good imperialists' who have a great deal to teach the brutish, impatient Americans. The British administrators were, for the most part, racist to the core, and their self-proclaimed 'competence' involved the efficient imposition of social apartheid in every colony they controlled. They could be equally brutal in Africa, the Middle East and India. Though a promise of civilizational uplift was required as ideological justification, then as now, the facts of the colonial legacy speak for themselves. In 1947, the year the British left India, the overwhelming majority of midnight's children were illiterate, and 85 per cent of the economy was rural.²¹

²¹ 'Per capita income was about one-twentieth of the level then attained in developed countries . . . Illiteracy was a high 84 per cent and the majority (60 per cent) of children in the 6 to 11 age-group did not attend school; mass communicable diseases (malaria, smallpox and cholera) were widespread and, in the absence of a good public health service and sanitation, mortality rates (27 per 1,000) were very high.' Dharma Kumar and Meghnad Desai, eds, *Cambridge Economic History of India*, vol. II. c.1757–c.1970, Cambridge 1983, p. 23.

Not bad intentions or botched initiatives, but the imperial presence itself was the problem. Kipling is much quoted today by editorialists urging a bigger Western 'footprint' in Afghanistan, but even he was fully aware of the hatred felt by the Pashtuns for the British, and wrote as much in one of his last despatches from Peshawar in April 1885 to the *Civil and Military Gazette* in Lahore:

Pathans, Afridis, Logas, Kohistanis, Turcomans and a hundred other varieties of the turbulent Afghan race, are gathered in the vast human menagerie between the Edwardes Gate and the Ghor Khutri. As an Englishman passes, they will turn to scowl on him, and in many cases to spit fluently on the ground after he has passed. One burly, big-paunched ruffian, with shaven head and a neck creased and dimpled with rolls of fat, is specially zealous in this religious rite—contenting himself with no perfunctory performance, but with a whole-souled expectoration, that must be as refreshing to his comrades as it is disgusting to the European.

One reason among many for the Pashtuns' historic resentment was the torching of the famous bazaar in Kabul, a triumph of Mughal architecture. Ali Mardan Khan, a renowned governor, architect and engineer, had built the *chahr-chatta* (four-sided) roofed and arcaded central market in the 17th century on the model of those in old Euro-Arabian Muslim cities—Cairo, Damascus, Baghdad, Palermo or Córdoba. It was regarded as unique in the region; nothing on the same scale was built in Lahore or Delhi. The bazaar was deliberately destroyed in 1842 by General Pollock's 'Army of Retribution', remembered as amongst the worst killers, looters and marauders ever to arrive in Afghanistan, a contest in which competition remains strong. Defeated in a number of cities and forced to evacuate Kabul, the British punished its citizens by removing the market from the map. What will remain of Kabul when the current occupiers finally withdraw is yet to be seen, but its spreading mass of deeply impoverished squatter settlements suggest that it is set to be one of the major new capitals of the 'planet of slums'.²²

The Western occupation of Afghanistan is now confronted with five seemingly intractable, interrelated problems. The systemic failures of its nation-building strategy, the corruption of its local agents, the growing alienation of large sectors of the population and the strengthening of armed resistance are all compounded by the distortions wrought by

²² Mike Davis, 'Planet of Slums', NLR 26, March–April 2004, p. 13.

the opium-heroin industry on the country's economy. According to UN estimates, narcotics account for 53 per cent of the country's gross domestic product, and the poppy fields continue to spread. Some 90 per cent of the world opium supply emanates from Afghanistan. Since 2003 the NATO mission has made no serious attempt to bring about a reduction in this lucrative trade. Karzai's own supporters would rapidly desert if their activities in this sphere were disrupted, and the amount of state help needed over many years to boost agriculture and cottage industries and reduce dependence on poppy farming would require an entirely different set of priorities. Only a surreal utopian could expect NATO countries, busy privatizing and deregulating their own economies, to embark upon full-scale national-development projects abroad.

NATO's goals

It need hardly be added that the bombardment and occupation of Afghanistan has been a disastrous—and predictable—failure in capturing the perpetrators of 9.11. This could only have been the result of effective police work; not of international war and military occupation. Everything that has happened in Afghanistan since 2001—not to mention Iraq, Palestine and Lebanon—has had the opposite effect, as the West's own intelligence reports have repeatedly confirmed. According to the official 9.11 Commission report, Mullah Omar's initial response to Washington's demands that Osama Bin Laden be handed over and al-Qaeda deprived of a safe haven was 'not negative'; he himself had opposed any al-Qaeda attack on US targets.²³ But while the Mullah was playing for time, the White House closed down negotiations. It required a swift war of revenge. Afghanistan had been denominated the first port of call in the 'global war on terror', with Iraq already the Administration's main target. The shock-and-awe six-week aerial onslaught that followed was merely a drumroll for the forthcoming intervention in Iraq, with no military rationale in Afghanistan. Predictably, it only gave al-Qaeda leaders the chance to vanish into the hills. To portray the invasion as a 'war of self-defence' for NATO makes a mockery of international law, which was perverted to twist a flukishly successful attack by a tiny, terrorist Arab groupuscule into an excuse for an open-ended American military thrust into the Middle East and Central Eurasia.

²³ *The 9.11 Commission Report*, New York 2004, pp. 333–4; 251–2

Herein lie the reasons for the near-unanimity among Western opinion-makers that the occupation must not only continue but expand—‘many billions over many years’. They are to be sought not in the mountain fastnesses of Afghanistan, but in Washington and Brussels. As the *Economist* summarizes, ‘Defeat would be a body blow not only to the Afghans, but’—and more importantly, of course—‘to the NATO alliance’.²⁴ As ever, geopolitics prevails over Afghan interests in the calculus of the big powers. The basing agreement signed by the US with its appointee in Kabul in May 2005 gives the Pentagon the right to maintain a massive military presence in Afghanistan in perpetuity, potentially including nuclear missiles. That Washington is not seeking permanent bases in this fraught and inhospitable terrain simply for the sake of ‘democratization and good governance’ was made clear by NATO’s Secretary-General Jaap de Hoop Scheffer at the Brookings Institution in February this year: a permanent NATO presence in a country that borders the ex-Soviet republics, China, Iran and Pakistan was too good to miss.²⁵

More strategically, Afghanistan has become a central theatre for reconstituting, and extending, the West’s power-political grip on the world order. It provides, first, an opportunity for the US to shrug off problems in persuading its allies to play a broader role in Iraq. As Obama and Clinton have stressed, America and its allies ‘have greater unity of purpose in Afghanistan. The ultimate outcome of NATO’s effort to stabilize Afghanistan and US leadership of that effort may well affect the cohesiveness of the alliance and Washington’s ability to shape NATO’s future.’²⁶ Beyond this, it is the rise of China that has prompted NATO strategists to propose a vastly expanded role for the Western military alliance. Once focused on the Euro-Atlantic area, a recent essay in *NATO Review* suggests, ‘in the 21st century NATO must become an alliance *founded* on the Euro-Atlantic area, designed to project systemic stability beyond its borders’:

The centre of gravity of power on this planet is moving inexorably eastward . . . The Asia-Pacific region brings much that is dynamic and positive to this world, but as yet the rapid change therein is neither stable nor embedded in stable institutions. Until this is achieved, it is the strategic responsibility of Europeans and North Americans, and the institutions they

²⁴ ‘Must they be wars without end?’.

²⁵ ‘Afghanistan and NATO: Forging the 21st Century Alliance’, 29 February 2008, available on Brookings website.

²⁶ Paul Gallis, ‘NATO in Afghanistan’, CRS Report for Congress, 23 October 2007.

have built, to lead the way . . . security effectiveness in such a world is impossible without both legitimacy and capability.²⁷

The only way to protect the international system the West has built, the author continues, is to 're-energize' the transatlantic relationship: 'There can be no systemic security without Asian security, and there will be no Asian security without a strong role for the West therein.'

These ambitions have yet to be realized. In Afghanistan there were angry street demonstrations against Karzai's signing of the US bases agreement—a clear indication, if one was still needed, that NATO will have to take Karzai with them if they withdraw. Uzbekistan responded by asking the United States to withdraw its base and personnel from their country. The Russians and Chinese are reported to have protested strongly in private, and subsequently conducted joint military operations on each other's territory for the first time: 'concern over apparent US plans for permanent bases in Afghanistan and Central Asia' was an important cause of their rapprochement.²⁸ More limply, Iran responded by increasing export duties, bringing construction in Herat to a halt.²⁹

There are at least two routes out of the Khyber impasse. The first and worst would be to Balkanize the country. This appears to be the dominant pattern of imperial hegemony at the moment, but whereas the Kurds in Iraq and the Kosovars and others in the former Yugoslavia were willing client-nationalists, the likelihood of Tajiks or Hazaras playing this role effectively is more remote in Afghanistan. Some US intelligence officers have been informally discussing the creation of a Pashtun state that unites the tribes and dissolves the Durand Line, but this would destabilize Pakistan and Afghanistan to such a degree that the consequences would be unpredictable. In any event there appear to be no takers in either country at the moment.

The alternative would require a withdrawal of all US forces, either preceded or followed by a regional pact to guarantee Afghan stability for the

²⁷ Julian Lindley-French, 'Big World, Big Future, Big NATO', *NATO Review*, Winter 2005.

²⁸ Rubin, 'Proposals for Improved Stability in Afghanistan'.

²⁹ In response to Karzai's pleas, Teheran proposed a treaty that would prohibit foreign intelligence operations in each country against the other; hard to see how Karzai could have signed this with a straight face.

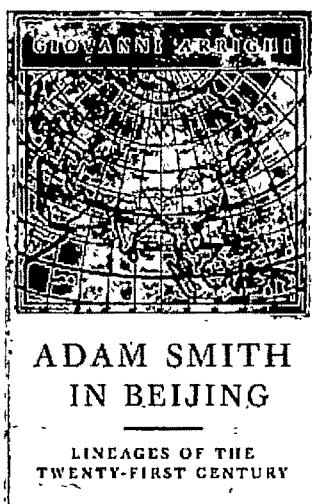
next ten years. Pakistan, Iran, India, Russia and, possibly, China could guarantee and support a functioning national government, pledged to preserve the ethnic and religious diversity of Afghanistan and create a space in which all its citizens can breathe, think and eat every day. It would need a serious social and economic plan to rebuild the country and provide the basic necessities for its people. This would not only be in the interests of Afghanistan, it would be seen as such by its people—physically, politically and morally exhausted by decades of war and two occupations. Violence, arbitrary or deliberate, has been their fate for too long. They want the nightmare to end and not be replaced with horrors of a different kind. Religious extremists would get short shrift from the people if they disrupted an agreed peace and began a jihad to recreate the Taliban Emirate of Mullah Omar.

The us occupation has not made this task easy. Its predictable failures have revived the Taliban, and increasingly the Pashtuns are uniting behind them. But though the Taliban have been entirely conflated with al-Qaeda in the Western media, most of their supporters are driven by local concerns; their political evolution would be more likely to parallel that of Pakistan's domesticated Islamists if the invaders were to leave. A NATO withdrawal could facilitate a serious peace process. It might also benefit Pakistan, provided its military leaders abandoned foolish notions of 'strategic depth' and viewed India not as an enemy but as a possible partner in creating a cohesive regional framework within which many contentious issues could be resolved. Are Pakistan's military leaders and politicians capable of grasping the nettle and moving their country forward? Will Washington let them? The solution is political, not military. And it lies in the region, not in Washington or Brussels.

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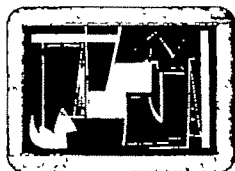
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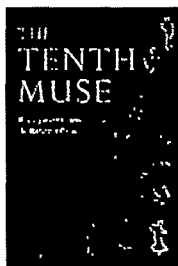
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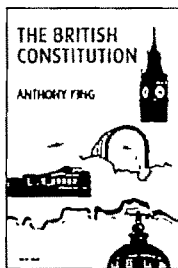
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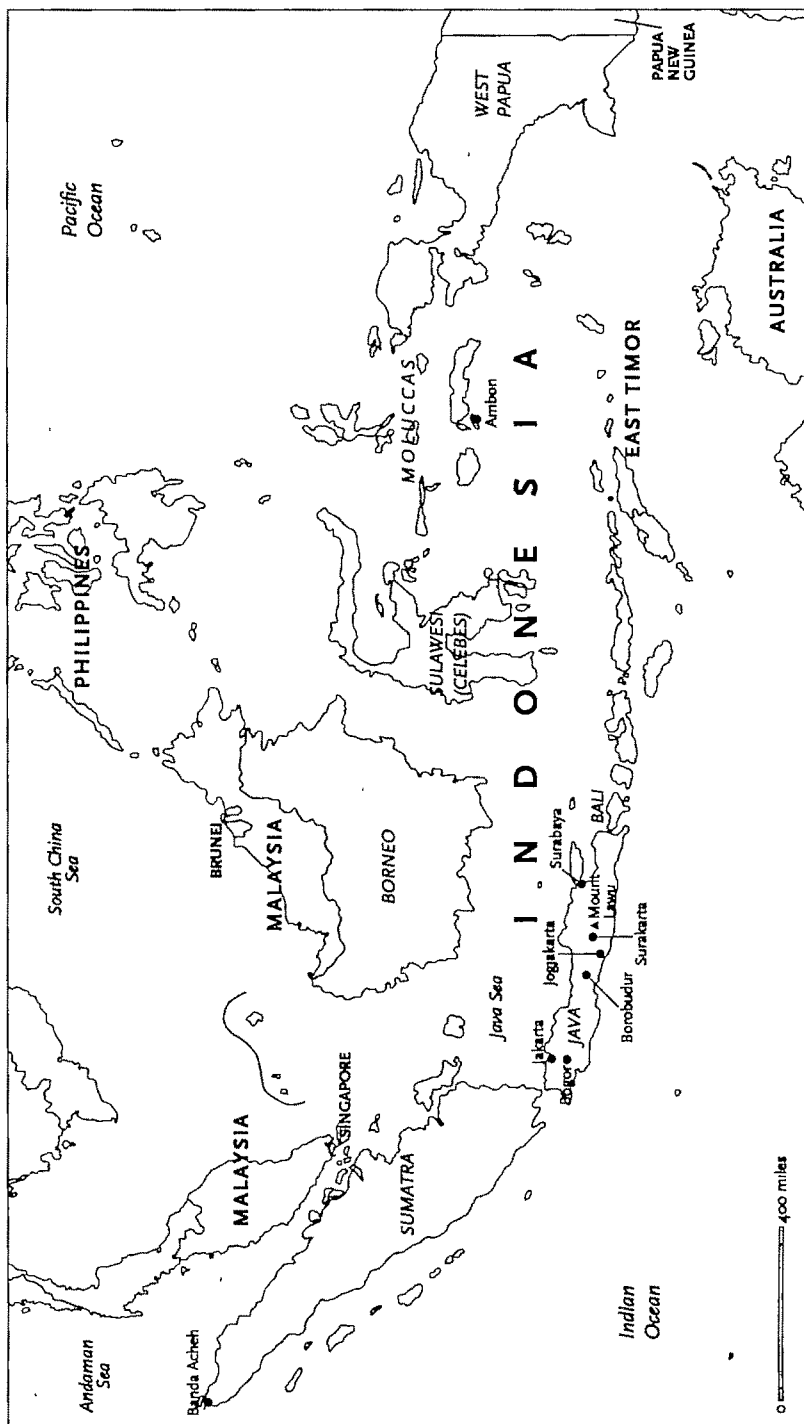
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BENEDICT ANDERSON

EXIT SUHARTO

Obituary for a Mediocre Tyrant

IN 1971, THE INDONESIAN presidential machine informed the public that Suharto and his wife were planning a mausoleum for themselves on a spur of Mount Lawu, the dormant, 3,000m sacred volcano that lies to the east of the *ci-devant* royal Javanese city of Surakarta.¹ The site had been carefully chosen, respectfully situated some metres below the early tombs of the Mangkunegaran dynasty—the second most insignificant of the four small Central Java principalities instituted by colonial authority in the late 18th and early 19th centuries. Mrs Tien Suharto—by then already quietly mocked as Tientje (Ten Per Cent)—claimed some connection with the little dynasty which had barely survived the revolution of 1945–49. For Suharto, who always insisted that he was of simple peasant stock, but was rumoured to be the illegitimate son of a Chinese tycoon, the site represented a social step up; and a normal one, since hypergamy was common among the army officer corps in the 1940s and after, and families were traditionally uxorilocal. Still, the construction of this expensive, unprecedented mausoleum for the future dead had something creepy about it, since Suharto himself was a healthy 50-year-old at the time.

I visited Surakarta in the spring of 1972, after the Suharto government had discovered that I had entered the country by roundabout methods and had informed me that I would be deported. After some negotiations, I was allowed two weeks to wind up my affairs and say farewell to friends. I took to the road with my Vespa and stopped briefly in Surakarta for a meal in the city's pleasant amusement park. In those days, young 'white' men on Vespas who could also speak Indonesian fluently were a real curiosity, so my table was quickly surrounded by locals. When the topic

of the mausoleum came up, I asked my new acquaintances what they thought of it. After an awkward silence, a skinny, intelligent old man replied, in Javanese: 'It's like a Chinese tomb.' Everyone tittered. He had two things in mind: first, that in contrast to Muslim tombs, even those of *grandees*, which are very simple, Chinese tombs are or were as elaborate and expensive as the socially competitive bereaved could afford. Second, in the post-colony, many Chinese cemeteries had been flattened by bulldozers to make way for 'high-end' construction projects by the state and by private realtors, speculators and developers.

During the long noontide of the Suharto dictatorship, from the 1970s to the early 90s, three things happened to the mausoleum. It was gradually filled, almost to bursting, with the remains of Tientje's para-aristocratic relations, but none of Suharto's; it was heavily guarded by a unit of the Red Beret paratroopers who had organized the vast massacres of the Left in 1965–66; and it became a tourist attraction, especially for busloads of schoolchildren, so that it was always crowded with village women selling T-shirts, baseball caps, snacks, drinks and plaited bamboo fans. One thing did not happen: even after Tientje joined her relations not long before the Crash of 1997, the mausoleum never became sacred or magically powerful. After I was finally allowed back into the country in 1999, I often went to observe the site. No paratroopers, no busloads of children, only a desperate handful of vendors, a melancholy caretaker and the smell of a decaying building that had already endured a quarter of a century of annual monsoons. It remains to be seen what will happen to the place now that Suharto has finally joined his wife. To paraphrase Walter Abish: how Chinese is it?

If the mausoleum marked an early version of Suharto's 'death foretold', I caught a later variation in Jakarta a few years ago. I had been interviewing an elderly Javanese Communist, who had once held a high position at the party newspaper *Harian Rakjat* (People's Daily) and spent many years in Suharto's grim gulag. At the end of the interview, to cheer him up, I asked casually whether he thought Suharto would soon be dead. It worked, but not in the way I expected. With a big smile he said: 'Not at all! It will take a long time, and will involve much suffering.' How could he be so sure? He replied that the secret of Suharto's enormous power, vast wealth and remarkable political longevity was that, early in his adult life, a renowned shaman had inserted a number of *susuk* under the skin

¹ I would like to record my gratitude to my friends Ben Abel and Joss Wibisono for very helpful comments and criticisms.

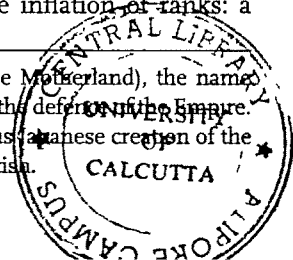
in various crucial places. 'But the shaman died quite a while ago', he said cheerfully as he went on his way. There is an old belief that such *susuk*—tiny slivers of pure gold impregnated with magic spells—bring the bearer wealth, power and a long life. But there is a catch: for a man to die peacefully and speedily, the *susuk* have to be withdrawn, and this can only be done by the shaman who inserted them in the first place. Otherwise death will be a drawn-out agony.

I. LIFE AND TIMES

What sort of man was he? How did he manage to rule his country without much serious opposition for more than three decades? Suharto's start was humble enough. Born in June 1921 in a village near Jogjakarta in Central Java, he joined the Dutch colonial military (KNIL) at the age of 19; just about the time when the Wehrmacht overran the Netherlands, and Queen Wilhelmina and her cabinet scuttled off to London. The KNIL, like its sisters in other European colonies, was trained to suppress internal rebellion rather than to combat external enemies, and was organized racially: mostly Dutch and Eurasian officers, and native NCOs and foot-soldiers with very limited education. Suharto himself had never finished his private Muslim high school. In less than two years, however, he had risen to the rank of sergeant, as far as it was usually possible to go. At that point, Hirohito's armies invaded the Dutch Indies and the KNIL surrendered virtually without a fight (except for its small air arm). But in October 1943, when he was just 22, the Japanese military in Java, fearing an Allied assault, formed a small auxiliary military force called the Peta to support a planned guerrilla resistance.² Suharto immediately joined this force, and by 1945 had achieved the second highest rank available—company commander.

After the Japanese surrender to MacArthur, and the hurried proclamation of Indonesia's independence by the seasoned nationalist politicians Sukarno and Hatta, a national army was established. It was composed of former KNIL, former Peta and former members of various Japanese-armed youth groups, but with Peta officers in the dominant position. There was, naturally, a huge inflation of ranks: a

² An acronym for *Pembela Tanah Air* (Defenders of the Motherland), the name expressed the Japanese plan to hitch local nationalism to the defence of the Empire. There is a clear parallel with the almost contemporaneous Japanese creation of the Burma Independence Army to help fight against the British.



swarm of generals and colonels with immediate backgrounds as lieutenants and sergeants. Suharto joined the rush and, by the spring of 1946, was a Lieutenant-Colonel. More importantly, he was posted just outside Jogjakarta which became the infant Republic's capital city when the British and Dutch seized Batavia-Jakarta early in 1946. There were not many people in the new Army who had served both the Dutch and Japanese regimes within the space of just six years, but Suharto was one of them, and profited by the experience. In 1946, at the age of 25, he was already a relatively senior military man.

It was at this point that he can be said to have started his political career. On the night of June 27, 1946, a group of armed militiamen, attached indirectly to the political 'opposition' (a mix of pre-war nationalists, most of whom had collaborated with the Japanese), kidnapped the civilian Prime Minister Sutan Sjahrir, charging him with weakness in dealing with the returning Dutch. Sukarno took direct control of the government and demanded Sjahrir's immediate release, which was eventually forthcoming. But the conspirators—backed openly by the Jogjakarta military commander and less openly by the 31-year-old Commander-in-Chief General Sudirman—retired to Suharto's command-post. From there they attempted a coup d'état on July 3 which was, however, easily broken up. The civilians involved went (briefly) to jail, as did the Jogjakarta military commander, but Sudirman made sure that no other officers were affected. Still, the coup might have ended Suharto's military career, and he was very careful thereafter.

Rise to power

From the autumn of 1945 up to January 1948, the core leadership of the ruling multi-party coalition in Indonesia consisted of a variety of socialists and communists, including some returnees from Holland who had taken part in the anti-Nazi underground. They were not 'contaminated' by collaboration with the Japanese, a strong card domestically and internationally. It was also believed that since the first post-liberation government in Holland was led by socialists, there was a chance of a diplomatic route to independence. By 1947, however, the Dutch cabinet had shifted to the right, and in July of that year a large and successful military attack caused the new Republic a considerable loss both of territory and of access to the outside world. The socialists and communists were forced to accept a highly disadvantageous interim agreement in January 1948, and so fell

from power, replaced by a coalition of Muslims and 'secular (bourgeois and petty aristocratic) nationalists'. Meantime the Cold War was setting in and the left was radicalized all over Southeast Asia, abandoning parliamentary for military means to come (back) to power.

In the summer of 1948, a civil war was looming in Indonesia between the left and its various adversaries, with both sides backed by military units and armed militias. Sudirman tried to overcome the crisis by appointing two men to mediate: Wikana, the then Communist civilian governor of Central Java, and Suharto. In 1963 I interviewed Wikana in Jogjakarta, where he had retired after being sidelined by the Party's younger leadership. The gentle elderly man told me that Suharto had been excellent, taken no sides, and done everything he could to prevent warfare between the armed backers of the cabinet and the opposition—to no avail. The civil war (which took place only in Republican-held areas in Java) was brief but bloody, and the left was completely crushed. A good number of the leaders were killed in action or executed after surrendering.

After the formal transfer of sovereignty at the end of 1949 the new member of the United Nations faced an enormously difficult situation. The colonial economy had been devastated by wartime Japanese rule and the military struggle with the returning Dutch. The huge popular mobilizations that began against the Japanese and continued during the 'revolution' created a large body of people who expected to be rewarded for their sacrifices. But the lightly populated eastern part of the archipelago had been successively occupied after the war first by Australia and then by the Dutch, so that Republican activism there was difficult. Furthermore, the Dutch-Indonesian agreement, supervised by the US, required the Republic to return all pre-war properties of Dutch capitalists. Finally, no political party had even come close to monopolizing the revolutionary upsurge. Hence, a multi-party constitutional democracy came into being, which even permitted the surviving Communists to rebuild their strength. One could also say that there was no alternative, given the country's geography; the military was powerful, but it had no air force and not much in the way of a navy.

In this environment Suharto started to make his mark, by a successful amphibious attack on pro-Dutch and other dissidents in Celebes. This in turn led to him being appointed in 1957 (aged 36) the Military Commander of Central Java, a key position in the army hierarchy. Then he made

another serious mistake, not so much political (he was very careful) but financial. He and his trusted staff became involved with certain dubious Chinese tycoons in extensive smuggling operations and other businesses. This resulted in his being dismissed by the High Command. (Two of these Chinese friends later became key cronies under the dictatorship.) But armies usually take care of their own, and Suharto was sent off to the staff and command school in Bandung, where he did well, and after that was appointed Commander of the Army Strategic Reserve, planned as the High Command's strike force against provincial dissidents and other 'national enemies'. In the early 1960s he commanded the joint operations designed to liberate 'West Papua' from residual Dutch colonialism. There was no military victory, since the Americans intervened diplomatically against the Dutch, but Suharto was treated by the press as a kind of national hero. When Sukarno decided, in 1963-64, on a military confrontation with the London-arranged Malaysian Federation, Suharto was named Deputy Commander, and secretly (fearing the growing power of the Communist Party in Java) opened contacts with the 'enemy'. By then he was so senior that he was the automatic replacement for the Army Commander General Yani, when the latter was overseas.

Meantime, political polarization between right and left was increasing rapidly as hyperinflation embedded a *sauve qui peut* mentality which persists to this day. It is an indication of Suharto's penchant for secrecy and manoeuvre that he was by then a trusted army leader (his secret contacts with Malaysian intelligence and, indirectly, with the CIA were well hidden even from Yani) and an apparent Sukarno loyalist.

Feint, massacre, coup

The crisis finally exploded on the morning of October 1, 1965, when a small group of mostly middle-ranking army officers kidnapped and later killed six senior generals on the grounds that they were planning Sukarno's overthrow. Most of these disaffected officers had long personal associations with Suharto, and it is virtually certain that they informed him of their plans. They made no attempt to seize him, though he had operational command of all seasoned military units in the capital. Nor did Suharto make the slightest effort to warn Yani and his comrades of what was afoot. Instead he crushed the conspirators with ease and proclaimed that they were tools of the Communist Party.

Almost all the military officers involved in what was then called 'the coup'—though the actors themselves claimed that they were protecting Sukarno from a military coup steered by the CIA—were executed, via death sentences in kangaroo courts, or outside any legality. Only one (barely) survived the dictatorship. Colonel Abdul Latief, who was tried and sentenced to life imprisonment, probably avoided execution because of his long and close association with the Suharto family; perhaps Tientje intervened. After enduring 32 years in prison and unimaginable suffering (the wounds he received when arrested were allowed to fester to the point that half his body was riddled with maggots), Latief was released by Suharto's successor, Habibie, but suffered a crippling stroke. When I interviewed him not long before he died, much of what he said was unintelligible. But when I asked him how he felt on the evening of October 1, when Suharto had crushed the 'coup', he said, brokenly, but clearly: 'I felt betrayed.'

With the mass media closed down except for the mouthpieces of the military, the Suharto group published photographs of the decayed bodies of the dead generals and announced that their eyeballs had been gouged out, and their testicles slashed off with razors, by sex-crazed members of the Communists' Women's Organization. (Some years later, by accident, I discovered the text of the doctors' post-mortem, which stated that the generals suffered only wounds from bullets and rifle-butts, with eyes and genitals all intact.) Within a few days all Communist offices in Jakarta had been occupied or destroyed. On October 17, the elite Red Berets arrived in Central Java and began the mass killing of men and women of the left. The same killings started in East Java with the arrival of the paratroopers in mid-November, and in Bali when they landed there in mid-December.³

³ The massacres were mainly aimed at the Communists' mass bases, easily identified since the Party had been legal since independence, and actively participated in electoral politics. These bases were, numerically speaking, concentrated in the rural areas of Central and East Java and Bali, and in the plantation belt of North Sumatra. The cities were less severely hit, probably because they were more easily controlled, and also more visible to prying foreign eyes. The rural areas mentioned above had become zones of turbulence in the early 1960s when so-called 'unilateral actions' were carried out by the Communist Peasant League and the People's Youth, to try to enforce the progressive agrarian reform legislation of 1960, which had largely been sabotaged by influential landowners, Muslim and 'secular nationalist'. It also has to be said that in the early 1960s the Party often made the mistake of 'talking loudly, while carrying a chopstick'.

In every case, the military enlisted the panicked and murderous help of the 'mass organizations' of the Party's many enemies. The strategy of involving large numbers of civilians in the massacres achieved two goals. First it allowed the military to announce, and a good number of foreign reporters to believe, that the citizens had 'run amok' on a vast scale. Second, it ensured that there would never be any investigation of the killings, since blood was on too many civilian hands. No one really knows how many people were killed—the figures offered run from half a million to two. On his deathbed, the by-then marginalized General Sarwo Edhie, who led the Red Berets in 1965–66, even said he had been responsible for the death of three million people.⁴ Nor does anyone really know how many were imprisoned for years without trial in the grimmest conditions, but certainly the number exceeded half a million. The intelligence apparatus was also cunning enough to enlist the help of a number of captured Communists, some quite senior, who betrayed their comrades and even participated in their torture. By the end of the year, the Party had been completely destroyed—for good, as they say.

President Sukarno struggled vainly to stop the killings and rally his supporters, but he no longer had access to the mass media. In early March 1966, paratroopers in mufti surrounded the palace where an emergency cabinet meeting was being held, broke up the meeting and arrested fifteen ministers while Sukarno fled to his 'summer palace' in Bogor. On the evening of March 11, three generals visited him there and demanded that he sign a document transferring all executive power to Suharto. Feeling himself at gunpoint Sukarno signed the authorization letter, which gave the General, who had often sworn loyalty to his President, the opportunity to replace him the following year, and keep him under house arrest till his death in 1970. Curiously enough the original of this famous letter has never been seen by the public, and was said to have been lost. Many years later, after Suharto's fall, a young aide of Sukarno who was with him that night told the press that the signed document had carelessly been typed on Army Headquarters stationery.

By this time Suharto had achieved full power in 'legal terms', but he continued to deepen it in the years immediately following. All state

⁴ *50 Tahun Merdeka dan Problema Tapol/Napol* (50 Years of Independence and the Problem of Political Prisoners), published by Masyarakat Indonesia untuk Kemanusiaan, Jakarta 1995, p. 591.

institutions, including the Armed Forces, were massively purged of 'Communists', 'Communist sympathizers', Sukarnoists and other subversives. No ruler in the archipelago had ever had such a chance to pack the bureaucracy, the legislature, the judiciary and parastatal agencies with supporters, sincere or opportunist. This initial packing was later systematically continued: by the early 1990s, the number of bureaucrats was triple what it had been in 1970.

Mindful of the niceties of protocol in the 'international community', Suharto did not eliminate the party system altogether. But all the conflicting Muslim parties were forced into a single United Development Party, led by a sly opportunist recruited by Suharto's personal political intelligence agency, financed (modestly) by the regime, and forbidden to use religious symbols when campaigning. The same thing happened to the rest of the tolerated surviving parties, variously Protestant, Catholic and conservative secular nationalist, which were compressed into an Indonesian Democratic Party, also funded by the regime and led by intelligence nominees. The regime had no trouble winning two-thirds majorities in every 'election' held till the dictator fell, thanks to a state party (but it was not called a 'party') which included all members of the civilian bureaucracy, the military, the police, assorted 'technocrats' and mercenary journalists and academics.

Development?

Suharto's difficulties lay elsewhere. By the end of Sukarno's *soi-disant* revolutionary regime, Guided Democracy (1959-65), the economy was in ruins, and the rate of inflation staggeringly high. But fortune and Washington were with the General. At a moment when the Vietnam War was 'going very badly', and huge numbers of American troops were poised to cross the Pacific, Suharto had completely destroyed the largest Communist Party in the world outside the USSR and China. For this the American political elite was naturally grateful. Furthermore, Indonesia was strategically located and had vast mineral and timber resources; new oil fields were just beginning to be productive. Suharto understood what he had to do: the legal system was promptly revamped to open most of the doors to Western capital that Sukarno had tried to close. The Americans accordingly rounded up the Western Europeans and the Japanese to create the Intergovernmental Group on Indonesia, which for many years thereafter essentially paid for Indonesia's

development budget.⁵ The formation of OPEC and the huge rise in oil prices in 1973 gave Suharto riches undreamed of hitherto. In the late 1960s, the government began the systematic destruction of the country's primary forests by favoured cronies and military men, as well as foreign corporations. The main beneficiary of all this was the dictator himself, who is generally thought to have had something like \$73 billion in various accounts by the mid-1990s.⁶ To say nothing of his greedy children and assorted close relations and cronies.

During the 1970s and 80s, Suharto had many admirers in the West for what they saw as his sincere campaign to modernize the Indonesian economy, to promote rapid growth, to institute the Green Revolution in the countryside, to bring rapid population increase to a halt and to expand that 'middle class' so commonly believed to be the harbinger of real democracy. These claims are by no means entirely mistaken, but they need to be looked at comparatively, especially if one remembers the vast subsidies provided over two decades by the IGGI. The most obvious comparisons are with Indonesia's neighbours, Malaysia and the Philippines. If one considers health first, by the beginning of the 21st century, all three countries had about the same life expectancies (males in the late 60s, females in the lower 70s). But the statistics on infant mortality look quite different: Indonesia shows 33 deaths per 1,000 live births, the Philippines close to 23 and Malaysia 17. On the other hand, thanks to extremely invasive and coercive policies, the natural rate of population increase was 1.38 per cent for Indonesia, 1.78 per cent for

⁵ Suharto was soon treated like royalty by the UK, whose arms dealers profited mightily from trade with Indonesia. Australia followed suit, with its eyes on the huge underwater oil fields spotted off the island of Timor.

⁶ The psychology behind this astounding accumulation is an interesting puzzle. Suharto's personal tastes were quite simple, and he did not keep an expensive stable of mistresses. He was visibly uncomfortable in foreign countries, and one cannot imagine him settling down with the loot in Los Angeles or the Riviera. He seems to have thought of himself as a good paterfamilias, spoiling his children, especially his eldest daughter and his youngest son 'Tommy', who did luxury time in prison (after his father's fall) for arranging the assassination of a Supreme Court judge who annoyed him. In the liberal 1950s, the maverick Sumatran politician Muhammad Yamin cheerfully explained why, as a cabinet minister, he had ordered the purchase of pianos for every school in the country: he wanted comfortable lives for his descendants 'to the seventh generation'. There is a general belief in Indonesia that even the canny Chinese can rarely stay rich for three generations. Children and grandchildren, used to luxury, and the usual vices, quickly fritter away the family fortune. It is possible that Suharto was thinking how much money would have to be accumulated to fund his own brood's frittering over seven generations.

Malaysia and 1.95 per cent for the Philippines. (Literacy in all three states was around 90 per cent.)

The economies show much greater differences. If one divides the labour force between the agrarian, industrial and service sectors, the comparison looks like this: Malaysia, agriculture 14.5 per cent, industry 36 per cent and services 49.5 per cent; the Philippines, 36 per cent, 16 per cent and 48 per cent; Indonesia, 46.5 per cent, 11.8 per cent and 41.7 per cent. Per capita GDP in the three countries was about \$12,100 in Malaysia, \$5,100 in the Philippines and \$3,600 in Indonesia. In fact, given the enormous inequality prevailing especially in the Philippines and Indonesia, the real annual 'product' for the mass of people is substantially lower than these figures suggest. Most strikingly of all, in a larger context, almost all the countries whose currencies were severely damaged in the Asian Crisis of 1997-98 have today more or less retrieved their old position vis-à-vis the dollar. The biggest exception is Indonesia, where the 'collapse' exchange rate has remained largely unchanged.

East Timor's torment

There were other fronts on which Suharto's grip was slipping. Of these the most important was 'internal security', with East Timor as the exemplary case. When the Portuguese dictatorship finally fell in April 1974, he was persuaded that his intelligence agencies' 'black' operatives could manipulate the internal politics of the decolonizing entity to prevent the 'communist' Fretilin party from taking power. But the gamble failed. After a brief, bloody and Indonesia-instigated civil war, Fretilin did take power, and hastened to forestall Jakarta by declaring the ex-colony an independent state. After some initial hesitation, Suharto, basking in a sea of oil money, decided on military invasion, followed by annexation. All the messages from the US were positive. Ford and Kissinger arrived in Jakarta on the eve of the expedition, and the latter is said to have told Suharto: 'Just do it quickly.' Virtually all the armaments used for the invasion were American, but Washington winked at what was a clear violation of the existing arms agreement between the two countries, which specified that they could not be used externally. The Americans had another reason to be complaisant: in a secret agreement Suharto had permitted (against international law) US nuclear submarines to pass through the Timor Strait without surfacing, thus evading Soviet monitoring from the heavens. A few weeks before the invasion, a high-level team of military and civilian intelligence

operatives, on a propaganda tour in the US, dropped by Cornell University. When I asked one of them about plans for East Timor, the cheerful reply was: 'Don't worry, it will be over in a few weeks.'

The initial invasion was a disaster, with Indonesian planes bombing their own ground troops in several places. Two years later, Fretilin still controlled more than half of the demi-island's territory. Jimmy Carter, the 'human rights' president, then secretly sent Suharto some of the OV-10 Broncos that had had so much to answer for in Vietnam. They turned the tide. Thousands upon thousands of Timorese fled to the Indonesian-controlled lowlands. There they were herded into 'resettlement camps', and large numbers died of hunger and disease. But the resistance never gave up, gradually regained strength, and started a steady underground penetration of the lowlands.

Suharto tried everything he could think of, but nothing really worked. The land of East Timor, famously arid, had no mineral resources and scarcely any forests; its people were desperately poor and largely illiterate. Teachers hated being assigned there, as did bureaucrats. Attempts to settle migrants from other islands failed in the face of popular hostility and intermittent sabotage. The territory's one high-class export, coffee, became a military monopoly. The deeper problem was that in East Timor, Indonesians, often half-realizing it, were in the position of colonialists. Hence the regular colonial complaint that the East Timorese were 'so ungrateful', language that would have been taboo anywhere in Indonesia itself. Furthermore, East Timor could not be accommodated in the standard 'our centuries-long struggle against the Dutch' narrative of nationalist ideology and school textbooks. Worse still, they were Catholic in a 90 per cent Muslim national population. Irritatingly, the Vatican refused to merge East Timor's priests into the pliant and often cowardly Indonesian Catholic hierarchy.

But there was still another factor which has not generally been much noticed. Virtually all the soldiers at the time of the 1945-49 Indonesian revolution were in their twenties. So large and so young was this force that a military academy was not opened until 1957. The first class graduated in 1960, with only childhood memories of the struggle against the Dutch. They had been green lieutenants, with no important role to play, during the massacres of the Left in the mid-60s. East Timor, their first experience of war, came ten years later when they were in their thirties.

Since the invasion was justified to them as a campaign against communism, the model they were given was 1965-66: no mercy, torture, burning of villages, rapes, crude intelligence operations and, most notoriously, in the spirit of 65, the organization and financing of lumpen pro-military militias among the local population, who got accustomed to using methods from which even the army officers occasionally shrank. Characteristically, Army HQ prepared a secret manual on effective torture techniques and how to avoid being caught trying them. One of the best-known younger commanders, who had successfully ambushed and killed Fretilin's first military chief, Nicolau Lobato, had himself camcordered with his triumphant booted feet on his enemy's corpse. He would tell occasional reporters that he fought off boredom of an evening by replaying the videotape.

In November 1991, increasingly bold demonstrations by youngsters in Dili, the small capital city, were answered by a characteristically brutal and stupid outburst of killing. Unfortunately for Suharto, a brave young English journalist called Max Stahl managed to film the bloodshed and smuggle the videotape out of the country. The film's international circulation destroyed overnight the Suharto regime's constant assurances to the 'international community' that the East Timor problem was 'over', and enormously encouraged the resistance. The capture of Xanana Gusmão, the heroic successor to Lobato, could not be handled any more by a quick execution. Jailed in Jakarta, his prestige undamaged, he became a hero even to some Indonesian youngsters in the opposition, who would joke, 'If only we had Xanana as our president.'

The same methods and the same lack of success marked the regime's military suppression campaigns in Aceh and West Papua. Aceh had been a quiet and prosperous province in the 1970s and early 1980s, but the discovery of a vast field of natural gas led to the creation of exploitation enclaves, heavily guarded and filled with workers and managers brought in from other parts of Indonesia. Military rule set in; armed resistance followed, responded to by East Timorian methods. The end was a terribly costly stalemate in which neither the military nor the resistance had the power to come out on top. It turned out that some of the Aceh resistance commanders had earlier had some Red Beret training. More or less the same was true in West Papua, where timber-mad cronies and Western mining conglomerates worked in a vast forbidding terrain where a small armed resistance continued right through the era of the dictatorship.

In the long run, all these adventures undermined the prestige and self-confidence of younger-generation military leaders, not one of whom ever emerged as a hero in the mould of some of the veterans of the older generation. The Asian Crisis of 1997 gave striking evidence of how the institution had been hollowed out. The military newspapers, which no one but military people willingly read, and which depended on large subsidies, were forced to close down and never re-emerged. After Suharto fell, newspapers reported that the head of military intelligence was being investigated for forging large amounts of currency. When reporters questioned the general about this, he engagingly replied: 'Look, what could I do? Our budget had been cut to nothing, and the high command couldn't give me any more money, but there were all these militias in East Timor who hadn't been paid for a long time and were getting really upset.' So he went on to become, briefly, the Army Commander.

Father of bankruptcy

The secrets of the ultra-secretive President—security failure, industrialization failure, financial failure, moral failure, parental failure (all his children either monsters or nonentities), even political failure—came oozing out bit by bit. For the irony of Suharto's story is that he was finally undone by the forces that had made his long dictatorship possible. In the early 1990s, he had been persuaded by Washington to 'open up' his country more widely to global financial capital. A lot of fast money flowed into a plethora of shady new banks created to take advantage of this sudden bonanza. By then Suharto was living on borrowed time. Indonesia had become a net importer of oil, and the forests were largely gone. Local industrial development was weak, and the education system had been decaying for years. When the 'Asian Crisis' broke out, Indonesia was hit harder than any other country. Within a few weeks the rupiah lost four-fifths of its exchange value. Dozens of banks went bankrupt. Millions of people lost their jobs. The national debt climbed dizzyingly. His toadies had long flattered him with the title of Bapak Pembangunan (Father of Development) but by the beginning of 1998, bitter local wits had turned it into Bapak Pambangkutan (Father of Bankruptcy). Nothing more cruelly demonstrated this Waterloo than the photos of the haggard dictator at his desk while the *capo* of the IMF, arms akimbo, stands behind him, ultimatum symbolically in hand.

What was he to do? The thinking that led to Suharto's stepping aside in 1998 could be formulated in two quite separate ways. The first is cultural. Suharto had no oratorical gifts whatsoever—almost always he scrupulously droned his way through tedious, statistic-filled, cliché-ridden speeches written for him, in bureaucratic Indonesian, by the State Secretariat. As John Roosa has pointed out, no one remembers a single phrase Suharto coined in thirty-three years in power. (Siad Barre? Franco?) Probably he did not even think in Indonesian, which he had had to acquire in his late teens. Occasionally, however, he would let his guard down, especially when he was furious. A few braver souls would mock his Indonesian for its Javanese accent, imported Javanese grammar and Javanese moral clichés. Once, enraged by student criticisms of one of his wife's more extravagant 'projects', he blurted out that he would *gebuk* anyone who dared to criticize her. *Gebuk* is Javanese for 'beat the hell out of someone'. On another occasion, privately addressing the group of ambitious toadies who ran his National Youth League, many of them non-Javanese, he astounded his listeners with a long digression about the mystical meanings of the names for the letters in the Javanese alphabet (the State Secretariat made sure this curious rant was never published). Late on in his dictatorship Suharto was seduced into helping an experienced journalist ghost-write his autobiography. What blazes out from the pages is burning resentment—resentment of all those who thought he was stupid, uneducated, a mystical novice, manipulated by his aides, and so on. The central motif is 'I, and only I, decided everything'. But *rancune* led him uncharacteristically to claim—correctly—that in 1983 he had personally ordered the execution of several thousand small-time thugs.⁷ The book was barely out when Suharto had second thoughts and ordered its recall, a rare case of a dictator banning his own book.

In fact he was Javanese to the bone, secretly consulting shamans and astrologers, and visiting magically powerful caves, tombs and so on. In late 1997, shaken to his core by the financial collapse, Suharto let it be known to the press that he was prepared to *lèngsèr kaprabon* and become a *pandito*. The Javanese words are a kind of cliché drawn from the old

⁷ The regime had officially insisted that these clearly military-style murders were the result of turf wars between gangs. The popular *on dit* had it that most of these small gangsters were election-enforcers in the pay of General Ali Murtopo, Suharto's longtime personal political spy-chief, who was getting too big for his boots, and was soon exiled as Ambassador to Kuala Lumpur where he died of a stroke.

chronicles of Javanese kings and from the even older shadow-play repertoire, based on the Mahabharata and Ramayana. *Lèngsèr kaprabon* can be translated as 'abdicate the throne', while *pandito* means Great (Mystical) Sage. In effect, the Great King, in old age, passes the kingdom to his successor and ends his days as a Revered Sage and Counsellor. This utterance was received with bitter mirth among his many young enemies, who believed not a word of it. In fact, he probably meant it, at least at that moment. For Suharto here let slip what many had long suspected, that in some moods he thought of himself as a monarch, and maybe really expected to play a key further role as the Wise Man of whatever-next.

Calculating the succession

The second reason for Suharto's decision to retire was straightforwardly political, seasoned with several tablespoons of *rancune*-concentrate. Stalwart to the last, he would show 'them' what would happen without him. Re-elected president for the last time—unanimously, as always—in March 1998, he had picked as his running mate the aeronautical engineer Habibie.⁸ This was something new and remarkable, since over the past two decades the vice-president had always been an (unthreatening) retired general. Habibie, who came from Celebes, was often regarded as an amiable, lightweight gasbag, who had persuaded the dictator to spend untold sums of money on building an export aviation industry along the lines of the German company Messerschmitt, where the engineer had worked for many years. The US (in the person of Boeing) made sure that these planes would never meet 'international' standards, and in any case the Crash of 1997 had ended the whole enterprise.

But Habibie's candidacy also served another purpose. In the late 1980s and 1990s, Suharto increasingly felt that the armed forces might be slipping out of his control. So he started to manipulate high-level promotions in the military: in the first instance Tientje's nonentity brother, and later a visibly unbalanced and fascist-minded son-in-law; and in the second instance former personal aides, whom military wits joked about

⁸ Under the constitution, such as it was, the presidents of Indonesia were not chosen by popular vote, but by the Supreme People's Consultative Assembly, composed of all members of Parliament, plus a phalanx of representatives of various regions and functional groups, selected by the president. This was handy for Suharto, who had no talent on the stump. The system was only changed five years ago. The current president, (retired) General Susilo Bambang Yudhoyono, is the first to be directly elected by the Indonesian voters.

as *prawira piningit*. *Prawira* is Javanese for officer, while *piningit* refers to the old aristocratic tradition of putting daughters, after their first menstruation, into seclusion until they were successfully married off. In effect, 'virgin officers'.

But Suharto was also thinking about how to create a political counterweight to the active senior officer corps, a generation younger than his own. The solution was remarkable. Throughout much of his dictatorship Suharto had been visibly hostile to political Islam. In the 1970s, his political spymaster Ali Murtopo had created a Komando Jihad, partly formed by released and desperate prisoners from the failed Islamic-state rebel movement of the 1950s and early 60s. Some of these sad mercenaries had carried out an amateurish bombing of part of Borobudur, the famous 9th-century Buddhist stupa in Central Java. It suited the regime's book to have 'Islamic terrorists' secretly on its payroll. Then, suddenly, in his old age, Suharto took his family on a highly publicized, deluxe pilgrimage to Mecca, from which he returned not only as a 'Haji' but with an entirely fictitious, new first name—Muhammad!

Habibie was now instructed to create what was briefly known as the League of Muslim Indonesian Intellectuals (ICMI). The engineer learned fast. He had previously astonished pious Indonesian Muslims in the US by telling them that the Prophet was akin to a television set, faithfully transmitting Allah's programmes to serious viewers. But Muslim intellectuals, excluded from power for decades, rushed to join the ICMI, also with Machiavellian intentions. Suharto might wish to use them, but they would also use him—and they were much younger. As it turned out ICMI, which had no social or religious base, disappeared in a puff of smoke when the dictatorship collapsed. But Suharto's calculation had been that, although Habibie would have general Muslim support in counterpoise to the army, he would be too weak not to need to turn to the Great Sage for instructions and help.

In this the ex-dictator would be gravely disappointed. Habibie, an affable, garrulous figure, quite aware of the enormous public hostility to Suharto after his fall, struck out on his own—and Suharto is said never to have spoken to him again. He released almost all surviving political prisoners (including Col. Abdul Latief) and ended virtually all mass media censorship. Out of this came a torrent of abuse for the Great Sage, demands that he be tried for his crimes, and a strong push for 'total

reform' of the political system. Habibie also made a start at organizing the first free elections that Indonesia had experienced since 1955. More strikingly still, he agreed that the East Timorese should be allowed a referendum on their future, monitored by the UN. The military were at first furious about this; but then told Habibie that, with the help of their notoriously violent militias, they could guarantee that the natives would opt for Indonesian citizenship. Unfortunately for them, they had not reckoned with Xanana's guile. Against vehement opposition within the resistance, he had sent word from jail that all East Timorese should massively support the ex-dictator's electoral machine in the national ballot held in June 1999. So huge was this machine's success in the territory that military intelligence let down its guard; they were livid and bewildered when the great majority of the population voted for independence in the referendum two months later.

In retrospect Habibie's brief presidency had many good moments. Unluckily, he believed that these earned him a full term as a real president, at which point his stock plummeted and he felt compelled to return to his second *patria*, a Kohl-created united Reich. From this moment on, Suharto disappeared from public view, successfully fending off demands that he be put on trial thanks to faithful doctors' reports that he was too ill or too senile to face the courts. Nor was the political elite he had created eager to go after him—he knew all their miserable secrets.

II. SOME LEGACIES

From the later 1980s on, I used regularly to ask young Indonesian visitors and new students arriving on the Cornell University campus: 'Who is the living Indonesian that you most admire?' Almost invariably, the reaction was merely a puzzled scratching of the head, as if the question were ridiculous. Sometimes a youngster would hesitantly name a popular folk-singer whose lyrics were mildly critical of the way things were. One or two would mention Pramoedya Ananta Toer, the country's greatest writer, whose oeuvre was banned throughout Suharto's New Order.

If the same question had been posed in the 1950s, the answers would have been completely different: many 'heroes' of the colonial-era nationalist and Islamic movements and the revolution were still alive and publicly active. The contrast points to a central legacy of the long

dictatorship—the production of an overwhelmingly timid, corrupt and mediocre political class. Resentful, suspicious and cunning, the dictator made sure that no potential rivals, military or civilian, could develop any independent social or political base. Even his abject cabinet ministers believed they were under surveillance. The amiable, intelligent son of one of these ministers studiously avoided me during his first three years at Cornell—on parental orders. But in his last year, now socialized to American campus norms, he suddenly became very friendly. His father, he reported, had forbidden him ever to mention anything political when he telephoned home, since he was sure his lines were tapped. Well-educated in some ways, the boy turned out to know almost nothing about his country's history and had never read the many important books about Indonesia's politics.

Suharto terrified people, not only on the basis of his blood-stained record, but by his demeanour—chilly, silent, masked, except for occasional eruptions of real or staged rage. But with international backing he also acquired the resources to buy people on a massive scale. In the early years of the regime, it was his fellow-generals who were the main beneficiaries of his largesse, but after 1973 and OPEC it was increasingly the so-called technocrats, economists and engineers of many different types who became the richest (non-Chinese) people in the country, as they were given control of the ministries of oil and gas, basic and light industry, finance, foreign trade, employment and so on. They had no political base and were reliably loyal and compliant.

In his final years, however, it was Muslims (often of Arab descent), especially Muslim technocrats and intellectuals, on whom the cornucopia fell. A whole generation and a half of politicians grew up within and absorbed the authoritarian, corrupt and clientelist political culture that Suharto created. He liked to play them off against each other, but would tolerate no substantial or inflammatory rhetoric. Deliberately or not, he created over time the Indonesian national oligarchy of today: quarrelsome, but intermarried; competitive, but avoiding any serious internal conflict; without ideas, but determined to hang on to what they have, at all costs. This is the main reason why Suharto remained above the law after his fall, and why his children, except for the murderer Tommy, continue to control many of the country's television stations, tollways and other strategic assets. The crucial thing is that this national oligarchy and its hangers-on are largely incapable of thinking outside the old regime's

box. Cynics joke that there used to be one big Suharto; now there are hundreds of little ones.

How did the oligarchy survive the popular demands for reform after the mass protests that erupted as a result of the 1997 financial crisis? One reason was the deep-seated fragmentation of the electorate, reminiscent of the elections of 1955. The biggest winner in 1999 was the 'secular nationalist' party led by Megawati, a lazy and overweight daughter of Sukarno. But it failed to get even one third of the votes, and lost support in succeeding elections. All governments since then have had to be coalitions.

Second, under the constitutional rules inherited from the Suharto era, the president was not popularly elected (until 2004), but rather selected by the party-dominated Supreme People's Consultative Assembly. After the national elections of 1999, when the reform tide was still high, this body elevated Abdurrahman Wahid, whose party won 10 per cent of the vote—partly because of his popularity with the reformers, but mainly because he was too weak to prevent his cabinet being packed by nominees from all the other political parties and the military, with Megawati as his vice-president. Rather full of himself ('I got a message from Allah summoning me to be President'), Wahid felt humiliated by his position, and tried to extract himself by conspicuous interventions into internal army affairs, a drastic reshuffling of his cabinet and various other manoeuvres. He lasted only a year and a half, at which point all the parties except his own agreed to impeach him and remove him from office. When Megawati succeeded him, she promised and delivered a 'rainbow' cabinet, in which all the parties (if one includes a renegade from Wahid's who became Defence Minister) had their quotas. The target of the oligarchy had been achieved: a parliament without an opposition, and every party clique sharing in the perquisites of power. Sukarno's daughter was not an energetic figure in any case, but the absolute lack of any creative initiatives during the three years of her presidency was also due to what Dan Slater has nicely termed the cartelization of the political system.⁹

A third factor was the general outlook of the oligarchy, which feared popular mobilizations outside their control, fully accepted the neo-liberal

⁹ Slater has written a theoretically sophisticated and often very amusing account of top-level politics in Indonesia since Suharto 'Indonesia's Accountability Trap: Party Cartels and Presidential Power after Democratic Transition', *Indonesia*, 78, October 2004

international order, and had no interest in anything that smelled of the left. The army leaders not only accepted the cartel but were important players within it. Nonetheless, as the popularity of the parties visibly declined, the oligarchy felt forced to change the method of electing the president, by opening the office to the sentiments of the national electorate. This is how, in 2004, Susilo Bambang Yudhoyono, an unassuming but intelligent Javanese (retired) general, a key behind-the-scenes member of the oligarchy and Megawati's Senior Minister for Security and Defence, became Indonesia's first popularly elected president. But the party he created for himself did not do well, and he has largely succumbed to the logic of cartelization: passivity, systematic incorporation of any possible parliamentary opposition, and catholic division of the emoluments in his gift. It is not very likely that he will be re-elected in 2009, but his replacement will not be very different, barring some popular upheaval which seems for now over the horizon.

Characteristically, when Suharto finally died on 27 January 2008, the President presided tearfully over the funeral, worked things out with Suharto's children, who own many TV stations, so that no 'negative' reports on the dead man would be aired, and ordered flags all over the country to be half-masted for a week. Luckily, in many places this order was scornfully rejected.

Cloaks of faith

A second major legacy relates to the political parties and their competitors. Like many military men, Suharto despised such parties and, as we have seen, corrupted and castrated those that he tolerated. Other than that, he paid them no attention. Since the legal parties were completely marginalized and had no influence on policy, they bore their impotence without attracting much in the way of political support or funnelling social protest. Under these conditions, people soon realized that the only institutions which Suharto was usually cautious about suborning or directly suppressing were those based on religion. After all, one of the ideological banners under which the slaughter of the Communists had been organized was the primordial battle against atheism. Suharto's religion was a characteristic Javanese syncretism of Islam, Hindu-Buddhist mysticism and shamanistic animism—but this was usually concealed from the public.

Christians, though a small minority, had high educational qualifications—a heritage of colonial-era state favouritism and missionary energy. Generally sycophantic, eager for protection against phantom Muslim fanaticism, they were useful to Suharto's cynical ideological campaign for national 'unity'. But they also had crucial support in Rome, Western Europe and, above all, the US. Catholics were not a real problem, since their power was largely based in Java, and their hierarchical leadership was easily bought off or cowed. Protestantism was a very different story. In the colonial period, Protestant evangelism had its main successes with minority groups in remote or upland regions, which were divvied up among different sects with different overseas sponsors. Hence even in the colonial period Protestantism became closely associated with Outer Island ethnicities, creating separate ethno-cultural 'churches' for the Toba Bataks, the Karo Bataks, the Ambonese, the Toradjans and so on. It is telling that the largest-circulation newspapers in Jakarta under the Suharto regime were controlled by Catholics and Protestants: the most easily intimidated and therefore the most tolerated. It was not long before the obsequious Catholic *Kompas* was quietly mocked as *Kempes* (flat, like a tyre), and the Protestant *Sinar Harapan* (Light of Hope) as *Sirna Harapan* (All Hope is Gone).

As for the vast Muslim majority, Suharto closely followed the advice of the panjandrums of Dutch colonial Islamic studies, C. Snouck Hurgronje (who had had the courage to go to Mecca disguised as a pilgrim): give them everything they want that is not political. Hence, until the 1990s, Suharto donated enormous sums for the building of high-tech mosques in the bourgeois neo-Arab style, schools, charities and subventions for airplane pilgrims to the Holy City, while brutally repressing any manifestations of political Islam.

Today, any serious visitor to Indonesia should visit the beautiful old mosque in Surabaya dedicated to Sunan Ampel, said to be one of the nine founders of Islam in the country. It is located in the centre of the old town, next to the traditional Arab and Chinese quarters. Visitors will find a civilized warning posted against disturbing the peace of many tired and hardworking neighbours. This mosque is, to my knowledge, the only significant one in the country that still uses the beautiful unmediated human voice for calling the faithful to prayer. Everywhere else, and this is another Suharto legacy, the calls to prayer are made *fortissimo* with the help of high-amp loudspeakers, and often lazily taken from tapes.

The relative immunity of religious institutions from Suharto's increasing insistence on his own form of *Gleichschaltung* had consequences that he failed to predict. All kinds of political, economic, ethnic and even criminal interests which, under other circumstances, would have gravitated to political parties clustered round different religious denominations. The late Suharto period thus saw the emergence of something unimaginable before he came to power: Protestant street-thugs, Catholic extortionists, Muslim mercenaries. After his fall, the consequences became bloodily evident. Protestant Ambonese hoodlums who had long controlled part of Jakarta's brothels, bars and gambling dens were evicted by Muslim gangsters loudly proclaiming Muslim morality.¹⁰ Forced to return to Ambon, the defeated Protestant hoods convinced almost all the local Protestants that they had been victims of Muslim aggression.

Meantime, the corrupt, but quietist, colonial-era local Protestant Church was being undermined by fanatical American and German evangelical missionaries, who provided much-needed social services but insisted that Islam was the work of Satan. The outbreak of cruel religious conflict in the Moluccas, which had never experienced anything of the kind before, was initiated by a Protestant massacre of an entire Muslim village—no surprise that this was not reported in the Western press. No surprise either that the alliance of gangsters with fanatical Protestants led sizeable numbers of other gangsters and fanatics to 'come to the rescue' of their fellow-Muslims. The police and military, who should have prevented the bloodshed that followed, often broke up along religious lines. The result was a savage local civil war in the Moluccas, from which no one but gangsters profited.

Arms and assets

Suharto rightly believed till the very end that the one Indonesian institution capable of felling him was the Army. After the massive purges of 1966–67 he could be sure of the loyal support of a now completely anti-communist officer corps, composed mainly of people of his own generation—'veterans of the Revolution'. Still, he took extra precautions. The most striking of these was a budgetary allocation policy which in no way sufficed for a modern military, especially one in power. (At various

¹⁰ Their boss, explaining a later visit to the Great Satan at state expense, averred he was only going to see 'his children, comfortably ensconced in lesser Californian universities. It is also characteristic of these Muslim thugs that they never showed the slightest interest in the plight of the famously devout Acehese.

points in the 1980s and 90s, senior military officials would even say in public that the budget covered only about one third of their needs.) This also provided plausible evidence to foreign reporters, scholars and, of course, officials that democracy was up ahead, somewhere along the yellow-brick road. The financial solution was ingenious and had its roots in the short period after 1949 when Indonesia was a constitutional democracy. The country was desperately poor after the ravages of the Depression, the Japanese Occupation and the revolution, and the demands on a series of weak governments were substantial. Some provincial military commanders, headed towards warlord status, began to create their own hidden budgets by protecting smugglers, controlling local export revenues and practising extortion, especially of Chinese entrepreneurs who nonetheless found these commanders useful at the price. We have earlier observed Suharto getting into this game in the mid-1950s.

The big change, however, came in the year 1957. The very free elections held in 1955 had shown that no political party was able to win more than one quarter of the electorate, but about 77 per cent of the vote went to four large parties, three of them based on the heavily populated island of Java. These three were a so-called secular nationalist party, a 'traditionalist' Muslim party and the Communist Party, while the fourth, a 'modernist Islamic' party, was strong above all in non-Javanese areas. That the two (usually) mutually hostile Islamic parties could not together win even a small majority in a country which is nominally 90 per cent Muslim points to the real peculiarity of Indonesia in today's Islamic world.

Prior to the generally peaceable political arrival of Islam in the mid-15th century—eight hundred years after the Prophet and his immediate successors had achieved astounding military successes in the Near East and on the Mediterranean littoral—Old Java for centuries had been culturally dominated by an eclectic mix of Hinduism, Mahayana Buddhism and local animism. Virtually all of the grand monuments which earn Indonesia a substantial tourist income are pre-Islamic. The arrival of the Dutch at the beginning of the 17th century helped block any thoroughgoing Arab-Muslim transformation. Thus even today the Javanese are divided between (mostly urban) 'modernist' Muslims who have no patience with syncretism and superstition, 'traditionalist' Muslims (mostly rural) whose outlook is both nationalist and syncretic, and 'statistical' Muslims who are circumcized, married and buried according to Muslim rites, but

whose real faith still shows strong traces of Old Java's religious outlook. In 1955, the secular nationalists and the Communists competed for the votes of the 'statistical' Muslims, while active Muslim voters were divided between traditionalists and modernists.

The post-election cabinet was necessarily unstable, weak and incapable of halting the spread of Outer Island warlordism which increasingly took on local ethno-linguistic features. Behind the scenes, the CIA, alarmed by the Communists' surprising electoral strength, and by President Sukarno's anti-imperialist rhetoric, was looking towards a major rebellion which would get rid of Sukarno and bring about an Army-backed right-wing regime. In March 1957, the country was put under martial law. In the autumn negotiations between the centre and the Outer Island opposition broke down.

At the same time, Sukarno, increasingly enraged by Dutch obstinacy in hanging on to West New Guinea, with American support, decreed the nationalization of all Dutch enterprises and the eviction of almost all Dutch citizens. The High Command, using its martial-law powers, took over the huge welter of Dutch factories, banks, export-import firms, mines, shipping and plantations, and promptly moved to immobilize the Communist-dominated trade unions attached. In one blow, the Army thus seized almost the entire 'advanced' sector of the economy, and made use of these resources to win the civil war that broke out at the start of 1958, despite heavy CIA assistance to the rebels. Most of these enterprises were parcelled out, and either mismanaged or effectively looted, making a major contribution to the economic crisis that undid Sukarno's Guided Democracy.

As noted above, Suharto had far more resources to dispense than his predecessor, while the Army's overwhelming political power helped it to build a huge, ramshackle economic empire independent of the national budget, often with the cooperation of favourite Chinese tycoons. It was, however, not an effectively centralized empire, since the Army was organized territorially, right down to the village level, and each predatory level created its own sources of funds. Furthermore, most sizeable private enterprises were forced to accept 'security units', ostensibly to protect them from scarcely existing labour unrest, but actually as agents of systematic, hierarchical extortion.

But this was by no means all. For the first two decades of Suharto's rule, military officers were 'parachuted' into all the state ministries and parastatals, and most important positions in the territorial civil bureaucracy were occupied by generals and colonels. The armed forces had a large, Suharto-selected bloc in Parliament, and dominated the electoral machine, Golkar, which always won elections without difficulty. Perhaps most important of all, the officer corps was essentially above the law. Not a single senior officer was ever put on trial for corruption or abuse of power, let alone for murder.

Yet, as we have also seen, by the mid-1980s the last of the revolution's veterans had retired, replaced by former cadets from the Military Academy. They had adapted fully to the regime, but failed to produce a single moment of 'glory', and not one of the new generation of generals enjoyed any independent public prestige. After Suharto's fall, and Habibie's ending of the old order's strict censorship, the mass media began to be filled with devastating stories of military malfeasance and brutality.

The popular anti-military movement was briefly strong enough to get rid of the appointed military bloc in Parliament, and restore much of the bureaucracy to civilian hands.¹¹ But other legacies of Suharto have remained. The officer corps is still largely above the law, the territorial organization of the Army has not been undone and, after enormous losses in the 1997 financial crisis, the soldiers have clung still more fiercely to their extra-budgetary enterprises. But the drastic decline in the Army's prestige and the mediocre quality of its leadership appear to rule out for the foreseeable future any return to military rule.

National amnesia

Since the cultural legacy of Suharto is a vast and complicated matter, it makes practical sense to focus here on just two crucial policy initiatives. The first and most important was the introduction of a new spelling system for the national language, inaugurated in 1972-73. Officially, this policy was justified as a way to open up a common print market with Malaysia. But the real motive behind it was to mark a decisive break between what was written under the dictatorship and everything written before it. One had only to read the title of a book or pamphlet

¹¹ This success was possible in part because of the support of the political parties, eager to fill the parliamentary seats vacated by the soldiers

to know whether it was splendidly modern, or a derisory residue of Sukarnoism, constitutionalism, the revolution, or the colonial period. Any interest in old-orthography materials was automatically suspicious. The change was sufficiently great that youngsters could easily be persuaded that 'old' printed materials were too hard to decipher, and so not to be bothered with.¹²

The effective result was a sort of historical erasure, such that the younger generation's knowledge of their country's history came largely from the regime's own publications, especially textbooks. Needless to say, the decades of anti-colonial activity against the Dutch largely disappeared. The revolution was renamed the War of Independence, in which only soldiers played significant roles. The post-revolutionary period of constitutional democracy was abruptly dismissed as the creation of civilian politicians, aping Western rather than Indonesian ways. All this had some comical aspects. For example, the brave but hopeless Communist rebellion against the Dutch colonial regime in 1926-27 was described as the first of a series of treasonable Communist conspiracies culminating in October 1, 1965.

In the decade after Suharto's fall, some tentative rewriting of textbooks has occurred, but in general inertia prevails. Many once-banned books have been republished (anachronistically, in the Suharto spelling), but the market for these books is basically limited to students and intellectuals. The general ignorance of the past is probably greater than at any time in the last century.

The second, related, policy concerns Indonesia's Chinese minority. Very soon after October 1, the regime's media claimed that the masterminds of the failed 'Communist coup' had received a large clandestine shipment of arms from the PRC, and that Party chairman D. N. Aidit had acted at the behest of Peking. There followed the sacking of the Chinese Embassy and the suspension of diplomatic relations until 1990. Under Sukarno, the only substantial political organization for the Chinese minority, known as Baperki, had been a strong supporter of the

¹² From the end of the 19th century the colonial regime had tried with mixed success to create a standard orthography for Malay/Indonesian based on Dutch orthographic rules. The Revolutionary government adopted a simplified form of this colonial spelling system by substituting, quite sensibly, 'u' for the odd Dutch 'oe'. A simple example will show what Suharto's New Improved Spelling achieved: 'I am looking for a special jacket', once *saja tjari djas khusus*, became *saya cari jas khusus*.

President, who enjoyed excellent relations with Peking. Baperki had also allied itself with the Communist Party and leftwing secular nationalists. This body was now prohibited, many of its leaders were imprisoned, and a significant number of ordinary Chinese killed.

Suharto followed this up by banning Chinese schools, any use of Chinese calligraphy, and the near-compulsory changing of Chinese personal names to more Indonesian-sounding appellations. Needless to say, the rationale for all this was that the Chinese had to be better assimilated and become like other Indonesian citizens. But in reality the Chinese were almost completely excluded from political power. Discrimination was rampant and systematic in the universities, the civil service and the armed forces. Over the 32 years of the dictatorship, only one Chinese ever became a cabinet minister, and this figure, appointed only two months before Suharto fell, was a notorious crony.

On the other hand, on the economic-financial side, Suharto surrounded himself with a small group of Chinese tycoons who, in addition to acting as his bagmen, built huge and successful business empires. (Some of these people, sniffing the wind, began transferring their assets to Singapore, Hong Kong, Australia and elsewhere several years before the Crash of 1997.) The policy suited the dictator's book, since he both respected Chinese acumen and knew that Chinese wealth could not be converted into dangerous political power. 'Native' Indonesians were another story.

Below the level of the cronies, the Chinese, facing exclusion from most other options beyond private medical and legal practice, concentrated energetically on commerce and swelled the ranks of an already timid middle class. The concentration became so great that the old stigma of being 'economic animals' became partly internalized. Yet there were a few impressive exceptions: Soe Hok Gie, a prominent student opponent of the Communist Party and of Sukarno's authoritarian populist rule, was the one and only person in the late 1960s to denounce in public the massacres of 1965-66; the Protestant lawyer Yap Thiam Hien was so courageous in defence of human rights that he ultimately became a national icon. Dede Oetomo, on returning from graduate study in America, was brave enough to announce that he was 'gay', and over two decades tirelessly worked to help HIV/AIDS victims and to enhance the civic rights of gays, lesbians and transsexuals. The playwright Riantiarno dared to

compose and stage politically coloured plays and musicals, though these were soon shut down. Nonetheless Suharto's policies made the Chinese more vulnerable than ever to popular envy and hatred, and Suharto's fall was marked by savage anti-Chinese riots in Jakarta and the old royal city of Surakarta.

After Suharto? Politically the Chinese have no vehicle of their own, though they are financially important to all the large parties today. Only two Chinese, to my knowledge, have become cabinet ministers. The more important of the pair, Kwik Kian Gie, was quickly dismissed because of his personal honesty and blunt attacks on corruption, in general, and the activities of the tenacious Chinese cronies in particular. Discrimination is still rife. Young Chinese know even less about Indonesian history than their 'native' counterparts, and that goes for the history of the Chinese in Indonesia as well. Many parents, still traumatized by their experiences under the Suharto regime, try to send their youngsters overseas to study, often with the dream of following them into permanent emigration. One remarkable development, however, is that there has been no significant anti-Chinese riot over the past ten years, which have otherwise seen a great deal of inter-ethnic and inter-religious bloodshed. I think that the ironic explanation is that the Chinese minority, maybe 1 per cent of the population and scattered around the archipelago, is too small to matter in the open electoral politics where these larger conflicts are involved; under Suharto, with his tight control over the public sphere, the Chinese were regarded as the least dangerous targets for social anger and resentment.

Children of 1965

The Communist Party, as we have observed, was completely destroyed—physically, politically and morally. Among the elderly survivors of years of imprisonment there is no agreement on what actually happened in 1965 or who should be held responsible. No one, not even overseas, has attempted to write a serious account of post-revolutionary Party history. Up till today, former members of any Communist-controlled organization and their families have to carry ID marking this stigma. Most are very poor, having lost all their property after 1965. They are barred from many significant occupations, educational institutions, the bureaucracy and parliament.

To the very end of the Suharto regime, its military and intelligence services continued to warn, in menacing terms, of a 'latent Communist Party', and more idiosyncratically, of a dangerous 'organization without organization'. Seemingly oblivious, even today, of the collapse of the Soviet Union and the Communist regimes in Eastern Europe, and of the delirious success of the 'capitalist-roaders' in China, right-wing generals and 'modernist' Muslim organizations continue to rant about Communist conspiracies. When this interminable *Hetze* will end no one knows.

But there are some interesting things occurring, nonetheless. During his brief presidency at the beginning of our century, Abdurrahman Wahid, the maverick and charismatic leader of 'traditionalist' Muslims, spoke out strongly for reconciliation *à la* Mandela and the end of stigmatization. He even asked Parliament to remove the constitutional ban on Marxism and Marxist writings. His many enemies made sure that this request was rejected, but the ban is no longer seriously enforced. One can find in bookshops today many texts about Marxism, and by dead Communists, including D. N. Aidit who was summarily executed forty-three years ago. Suharto's fall has opened the way for a good many publications claiming—sometimes with evidence, sometimes on the basis of rumour and mystical signs—that the real mastermind of October 1, 1965 was Suharto himself. These circulate quite freely.

The most surprising development has emerged in an unlikely place—among young intellectuals and social activists from 'traditional Islam', who in many ways are showing themselves to be far more modern than the 'modernists'. Taking a cue from Wahid, they can be found, even in remote rural areas, visiting and helping impoverished old Communists and their families. They say they are doing this work as a kind of atonement for the conspicuous and ferocious role that their elders played in the 1965 massacres. Not long ago, a friendly meeting was held in the old Republican capital of Jogjakarta between women from the traditionalist Islamic sector and female survivors from the Communist side. Muslims listened sympathetically to the elderly Communists talk about their sufferings in 1965 and after. All went well till one of the victims started to describe in detail how and where she was raped and tortured. At this point one of the younger Muslim women stood up ashen-faced, stuttered a few unintelligible words, and fainted. It turned out later that from the account she could identify the sadist—he was her father.

It is possible, indeed likely, that Wahid, a very shrewd politician, took his initiatives with the idea of getting votes from ex-Communist families.¹³ He knew that the modernist Muslims and the residual electoral machine of Suharto have no interest—to say the least—in this constituency. He also believed that the reborn secular nationalist party, assuming that the victims had nowhere else to go, felt they needed to make no appeals or concessions. Their party leader, Megawati (the wags call her Miniwati), Sukarno's daughter, has repudiated her father's ideological legacy and displays a thoroughly petty-bourgeois conservative outlook. All this means is that there is no serious political party representing anything remotely left. Nor is there any immediate chance that this situation will change, especially given today's international environment.

The old social base of the Communist Party has changed greatly over the past forty years. The factory-based work-force has become—for well-known reasons—heavily feminized and based on short-term employment contracts. Organizing is very limited, and the old social divide along quasi-religious lines remains. Corporatist mentalities are still dominant in the bureaucracy. It is probably telling that the work-force's one modern hero has been a heroine, a brave East Javanese trade unionist who was raped and murdered by the local military for her persistent and vocal opposition to her employers and their 'security units'. The peasants are still there, but population pressure, landgrabbing and the alluring suggestions of the mass media have brought huge numbers, especially of the young and active, into the cities. Peasant organizations are small and weak. In the late Suharto era and in the first years after the dictator's fall, there were many enthusiastic and idealistic NGOs—tolerated, up to a point, by the authorities because of their small size. But the return of political parties to power, and the

¹³ Probably, a comparable calculation lay behind his spectacular decree (when still President) that the Chinese New Year, locally known as Imlek, would henceforth be a national holiday. For most of the Suharto period, public celebrations of Imlek were prohibited. It may have surprised Wahid that this decree was hugely successful, not only among the Chinese but especially among young non-Chinese Indonesians. One cannot doubt that here the influence of films from Hong Kong, Taiwan and more recently the PRC, and of advertising, soaps and travelogues on television, has played a big role. What in the 1950s was seen as the cultural expression of an often disliked local ethnic group is now seen as part of a general culture of the spectacle and of tourism. It was common in the old days for wealthy Chinese to hire young and poor non-Chinese to dance the famous lion-dance. The practice has been revived, but in a 'Mardi Gras' spirit of festive fun.

successful holding of a series of free elections since 1999, has lured many NGO staffers into mainstream party-political careers. Others are too dependent on ignorant and trend-happy 'sponsors' in the North to be capable of much creative work.

Quiescence?

It says something that, in 2007, Indonesia was often cited as Southeast Asia's most open and democratic society. The competition was not heavy: Thailand under military rule, interminable authoritarian regimes in Burma, Laos, Malaysia, Vietnam and Singapore; and the appallingly corrupt and violent regime of Gloria Arroyo-Macapagal in the Philippines. With the melancholy help of the tsunami, peace has come to Aceh, and an intelligent, peaceable former rebel is now its governor. Perhaps exhausted by the bloodshed of previous years, the Moluccas are fairly calm. Concessions have been made to the Papuans. The important decentralization law, passed by Parliament at the height of the short wave of 'reform' that followed Suharto's fall, has shifted power and money to the regional elites whom cynics dub mini-Suhartos. Islamic extremism is a spent force. The press is pretty free, though mostly conservative.

Yet there is one other phenomenon that needs to be noted. Indonesia's educational system today is mostly a dreary swamp. Up until perhaps the early 1960s, primary and secondary schoolteachers were, even if miserably paid, respected local figures, partly for their energetic role in overcoming widespread illiteracy, and partly for the contributions many had made to the colonial-era nationalist movement. The everyday word for 'teacher', *guru*, still had an impressive traditional aura. During the 1965-66 massacres, the occupational group that was proportionately hardest hit consisted of just such primary and secondary schoolteachers. Their emergency replacements were a mass of uninterested, unqualified placemen and placewomen who wanted a civil service job at all costs, and, of course, were completely loyal to the regime that hired them. It was this phalanx that really brought the pervasive miasma of civil servant-style corruption into schools—bribery, 'tea-money', embezzlement of school budgets and so on.

This generation has finally retired, but they are responsible for recruiting their successors. (I have often asked young people which of their high-school teachers they remember with either affection or admiration.

Typically, the reaction is incredulity at my naïveté.) Suharto had no time for students, but he encouraged the spread of hundreds of diploma mills to sop up unemployment. Even in the better universities, teacher absenteeism has long passed the time when it was remarked on: sidelines, real-estate speculation, boondoggling state-financed 'research projects' are the usual lures. There is no better evidence of Suharto's educational legacy than that the political elite sends even its stupidest and most anti-social children to be tamed and tutored overseas. This does not mean that the country lacks a lot of very intelligent youngsters, but many of them are part autodidacts, more dependent on each other and the internet than on their teachers.

One of Winston Churchill's more acerbic *bons mots* was 'While there is death there is hope'. Every year, the number of young people who only remember dimly or not at all what Suharto's *Neues Ordnung* was like grows apace. It is nice that, after half a century, Pramoedya Ananta Toer has found a successor. The young Sundanese Eka Kurniawan has published two astonishing novels in the past half-decade.¹⁴ If one considers their often nightmarish plots and characters, one could say there is no hope. But the sheer beauty and elegance of their language, and the exuberance of their imagining, give one the exhilaration of watching the first snowdrops poke their little heads up towards a wintry sky.

¹⁴ Eka, a great admirer of Pramoedya, wrote a first-class academic thesis, since published, on the older writer's complex relationship with 'socialist realism'. The two novels are *Cantik Itu Luka* ['Beautiful', a Wound] (2002) and *Lelaki Harimau* [Man Tiger] (2004). The first is a huge, rather unwieldy, surreal recapitulation of the past century of Indonesian history set in a sort of isolated Macondo somewhere on the south coast of Java. The second is a brilliant, tight-knit and frightening village tragedy, also set somewhere on that barren littoral. I understand that both novels are starting to be translated into other languages.

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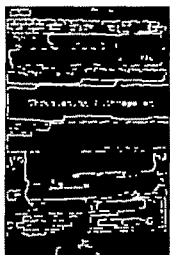
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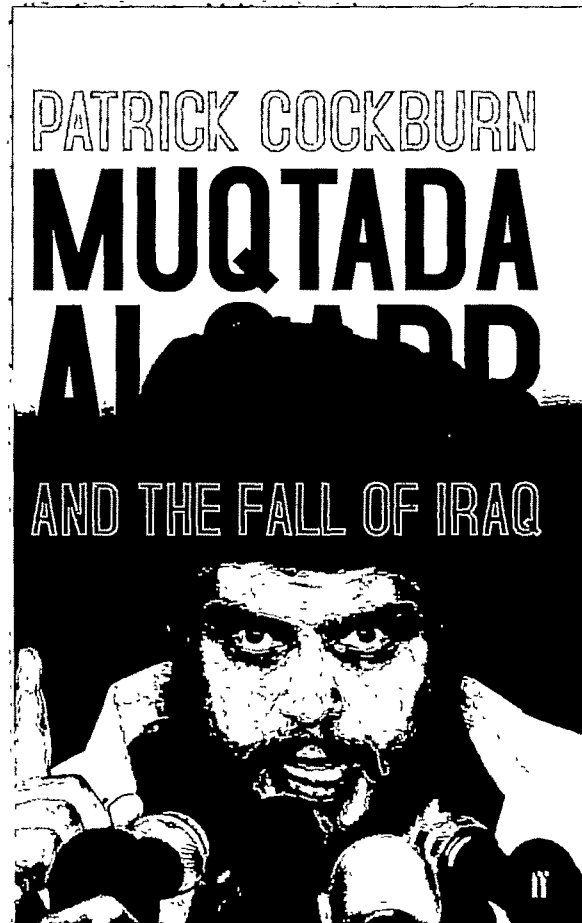
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ROBIN BLACKBURN

THE SUBPRIME CRISIS

IN THE SUMMER of 2007 many leading banks in the US and Europe were hit by a collapse in the value of mortgage-backed securities which they had themselves been responsible for packaging.* To the surprise of many, the poisonous securities turned out to constitute a major portion of their ultimate asset base. The defaults fostered a credit crunch as all financial institutions hoarded cash and required ever widening premiums before lending to one another. The Wall Street investment banks and brokerages haemorrhaged \$175 billion of capital in the period July 2007 to March 2008, and Bear Stearns, the fifth largest, was 'rescued' in March, at a fire-sale price, by JP Morgan Chase with the help of \$29 billion of guarantees from the Federal Reserve. Many of the rest only survived by selling huge chunks of preferred stock, with guaranteed premium rates of return, to a string of 'sovereign funds', owned by the governments of Abu Dhabi, Singapore, South Korea and China, among others.

By the end of January 2008, \$75 billion of new capital had been injected into the banks, but it was not enough. In the UK the sharply rising cost of liquidity destroyed the business model of a large mortgage house, leading to the first bank run in the UK for 150 years and obliging the British Chancellor first to extend nearly £60 billion in loans and guarantees to its depositors and then to take the concern, Northern Rock, into public ownership. In late January Société Générale, famous for its skill at financial engineering—indeed the winner that month of the coveted 'Derivatives Bank of the Year Award' from *Risk* magazine—reported that a 31-year-old rogue trader had lost the bank over \$7 billion. The SocGen management began unwinding the terrible positions taken by this trader on 21 January, contributing to a share rout on the exchanges and, it seems, to an emergency decision by the Federal Reserve the next day to drop its interest rate by 75 basis points.

The management of risk—especially systemic risk—in the financial world was evidently deeply flawed. An important part of the problem was that core financial institutions had used a shadowy secondary banking system to hide much of their exposure. Citigroup, Merrill Lynch, HSBC, Barclays Capital and Deutsche Bank had taken on a lot of debt and lent other people's money against desperately poor collateral. Prior to the US deregulation and UK privatizations of the 1990s, US investment banks would have been barred by the Glass–Steagall Act of 1933 from dabbling in retail finance, and Northern Rock would have remained a solid, and very boring, building society.

The trigger for the credit crunch was rising defaults among US holders of subprime mortgages in the last quarter of 2006 and early 2007, as interest rates were inched up to protect the falling dollar. This led to the failure of several large mortgage brokers in February–March 2007, but the true scope of the problem only began to register in the late summer. Interestingly, the first bank to report a problem was Deutsche Bank, which was forced to bail out two property-based funds in July. In October the US Treasury encouraged three of Wall Street's largest banks—Merrill Lynch, Morgan Stanley and Bank of America—to set up a \$70 billion fund to establish a clear value for threatened assets. This did not work. Analysts complained: 'The path they have taken of skimming off the cream from the top doesn't resolve the fact that there is poison at the bottom'.¹

At the end of 2007, with the credit crisis still as bad as ever, the world's central banks tried to pump vast amounts of liquidity into the global financial system, but the impact was temporary, and the banks remained unwilling to lend to one another. Lawrence Summers, the former US Treasury Secretary, warned of a looming 'major credit crunch'—as if six months' paralysis had been a mere bagatelle; this danger stemmed from the 'impaired' asset base of major banks if more capital was not injected.² The subprime debacle and the drying up of credit, themselves the consequences of deteriorating conditions, were hastening

* This article is dedicated to the memory of Andrew Glyn (1943–2007) whose wisdom, generosity and criticism are sorely missed. I would like to thank Yally Avrahampour, Jane D'Arista, Duncan Foley, Max Gasner, John Grahl, Geoffrey Ingham and Julia Ott for helpful comments and suggestions.

¹ 'Some Wonder if Stabilization Fund Will Work', *New York Times*, 12 November 2007.

² Lawrence Summers, 'Beyond Fiscal Stimulus', *Financial Times*, 28 January 2008.

the slide to recession in the US and global economy. On 10 February US Treasury Secretary Henry Paulson confirmed that credit problems were still 'serious and persisting', with more expected.³ On 29 February two senior investment bankers—David Greenlaw (Morgan Stanley) and Jan Hatzius (Goldman Sachs)—and two economists—Anil K. Kashyap (Chicago) and Hyun Song Shin (Princeton)—published a study entitled 'Leveraged Losses' which cautiously estimated that losses from the subprime crisis were likely to total around \$400 billion and cause a drop in GDP of between 1 and 1.5 per cent.⁴ You might think the title mainly referred to the plight of millions of mortgaged homeowners but, as we will see, the destructive logic of over-leveraged assets was also at work in scores of financial concerns.

The US President and Congress swiftly agreed a stimulus package of \$150 billion, and on 11 March the world's central banks clubbed together to offer the banks \$200 billion on easy conditions. But these supposed masters of the universe seemed caught in celestial machinery they did not control. On 16 March the US Federal Reserve intervened to avert the collapse of Bear Stearns and arrange for its purchase by JP Morgan Chase at a small fraction of its earlier price. The remaining investment banks were offered, for the first time, direct loans at low rates, against the flimsiest collateral and in confidence.

The credit crunch came as the climax of a long period of gravity-defying global imbalances and asset bubbles. Fear of recession had prompted the US Federal Reserve to keep interest rates low in 2001–06, and this in turn set the scene for cheap and easy loans. The world's financiers and business leaders looked to US householders, the 'consumers of last resort', to keep the global boom going. Robert Brenner gave an arresting account of the structural flaws and systemic turbulence in the global economy in *NLR* in 1998. In a substantial Afterword to *The Economics of Global Turbulence* in 2006, he stressed that a contrived 'consumption-led' boom in 2002–06 had failed to overcome weak profitability and investment. While labour productivity rose in these years, real employee

³ Michael Phillips and Yuka Hayashi, 'Markets at Risk for Additional Shocks', *Wall Street Journal*, 11 February 2008.

⁴ David Greenlaw, Jan Hatzius, Anil K. Kashyap and Hyun Song Shin, 'Leveraged Losses: Lessons from the Mortgage Market Meltdown', presented at US Monetary Policy Forum, 29 February 2008.

compensation did not. The maintenance of the boom was made a little easier by cheap Chinese imports, but the vital ingredient in consumer buoyancy was a build-up of personal debt. Brenner characterized the demand-stimulating policies of the Fed and US Treasury as 'market Keynesianism'.⁵ While Andrew Glyn and Giovanni Arrighi offered extra considerations, they too recognized that the bubble economics of 1995–2007 was not under control and that finance had escaped the reach of the regulators.⁶

According to the Federal Reserve's *Flow of Funds* data, total debt in the US economy rose from 255.3 per cent of GDP in 1997 to 352.6 per cent of GDP in 2007. Debt growth was strongest in the household and financial sectors. Household debt grew from 66.1 per cent of GDP to 99.9 per cent of GDP over the decade to 2007. But the most rapid growth was in the debt taken on by banks and other financial entities which grew from 63.8 per cent of GDP in 1997 to 113.8 per cent of GDP in 2007.⁷ A succession of asset bubbles fuelled this growth in debt.

Notwithstanding his famous remark about 'irrational exuberance' in 1996, Alan Greenspan, the Federal Reserve Chairman, took no stern measures to dampen the share bubble of the late 1990s. Robert Rubin and Lawrence Summers at the Treasury did even less, with Summers insisting that ballooning share prices should be viewed as an increase in US saving.⁸ In the early 2000s Washington found compelling reasons to pursue a cheaper money policy—it wished both to devise a 'soft landing' from the share bubble and to demonstrate that the US powerhouse was unscathed by terrorism. It became a national security priority to inflate the purchasing power of US consumers. In the aftermath of 9/11 Americans had a patriotic duty to take on more debt

⁵ Robert Brenner, *The Economics of Global Turbulence: the Advanced Capitalist Economies from Long Boom to Long Downturn, 1945–2005*, London and New York 2006. For rising personal and corporate indebtedness see pp. 157–9, 276–8.

⁶ Andrew Glyn, *Capitalism Unleashed*, Oxford 2006, and Giovanni Arrighi, *Adam Smith in Beijing*, London and New York 2007.

⁷ Federal Reserve Bank, *Flow of Funds*, Washington, DC 2008. The significance of these figures is explored in a fundamental paper by Jane D'Arista, 'Broken Systems: Agendas for Financial and Monetary Reform', presented at 17th Annual Hyman Minsky Conference, 17 April 2008.

⁸ See Robin Blackburn, *Banking on Death or Investing in Life: the History and Future of Pensions*, London and New York 2002, p. 218.

in order to keep consumption rising, and banks and regulators to make this possible.

Banks were drawn to consumer debt because of a decline in their traditional role as custodians of savings and deposits, as this was increasingly assumed by pension funds and mutual funds, and also by a drop in the share of their earnings coming from traditional corporate finance. Between 1997 and 2007, the share of total financial sector assets accounted for by the assets of depository institutions plummeted from 56.3 per cent to just 23.7 per cent, while the share of pension funds and mutual funds rose from 21 per cent to 37.8 per cent. Freed by deregulation, the banks found new business by converting consumer debt into tradeable securities and then selling those securities to the funds (or other banks). In order to finance this operation the banks themselves took on more debt, blithely assuming that the return on the securities would be comfortably above their cost of borrowing, and that they would anyway soon sell on the securities to someone else, in what was known as the 'originate and distribute' model. It was difficult for anybody to know what was going on, or how justified these assumptions might be, because much of the action was registered only on the banks' 'invisible balance sheet' in a 'shadow banking system'.⁹ Jane D'Arista argues that these trends also conspired to undermine traditional policy tools, since the latter, especially interest rate changes and great dollops of extra liquidity, work in and through their impact on banks as depository institutions.¹⁰

In what follows I interpret the credit crunch as a crisis of financialization—otherwise put, as a crisis of that venturesome 'new world' of leverage, deregulation and 'financial innovation' which Alan Greenspan celebrates in his recent memoir. I show how the pursuit of a market in almost everything led to a banker's nightmare in which key assets could not be valued. I urge that attention be paid to the ideas of Fischer Black, the improbable inventor of structured finance, who warned against 'loading up on risk' when declining to become

⁹ The nature of the 'invisible balance sheet' will be explored below, but the concept is taken from Salih N. Neftci, 'FX Short Positions, Balance Sheets, and Financial Turbulence', in John Eatwell and Lance Taylor, eds, *International Capital Markets: Systems in Transition*, Oxford 2002, pp. 277–96.

¹⁰ D'Arista, 'Broken Systems', pp. 8–10.

a founder member of Long Term Capital Management. I evoke both the New Deal response to financial failure and the rise of consumer finance in the postwar world, before considering, in conclusion, what can be done today.

I. INSIDE THE SHADOW BANKING SYSTEM

The very low US interest rates of 2001–06 were hugely lucrative to the banks, allowing them to take on more debt, improve the terms of their business and expand its volume. They sponsored hedge funds and private equity buyouts, packaged their own mortgage-related financial instruments, arranged bond insurance, and furnished lines of credit to their own structured investment vehicles (SIVs) and ‘conduits’. These bets were usually leveraged by extra helpings of debt, with some institutions—the investment banks and hedge funds—borrowing to buy assets worth as much as thirty times their capital. This is how the protagonists of the 2007–08 crisis became heavily leveraged concerns—often, as we will see, indebted to one another. The banks’ embarrassment in changed conditions has at least one element in common with the plight of the heavily mortgaged house buyers. In both cases borrowers were squeezed by rising costs and weakened revenue to sell the underlying assets in a falling market. First the home buyers faced higher interest rates in 2006–07, then the banks and their special conduits ran into an even sharper jump in their borrowing costs in August 2007. Sophisticated and lavishly paid financial professionals should at least have spotted the problem, but they seem to have been deceived by their own legerdemain.

As a *Financial Times* report put it at the close of 2007:

While investors are scrutinizing some of the industry’s best-known names, a spectre will be silently haunting events. the state of the little known, so-called ‘shadow’ banking system. A plethora of opaque institutions and vehicles have sprung up in American and European markets this decade, and they have come to play an important role in providing credit across the system.”

This ‘hidden’ system had expanded rapidly in the 1990s and 2000s as a consequence of deregulation, which allowed many financial institutions

” Gillian Tett and Paul Davies, ‘Out of the Shadows. How Banking’s Secret System Broke Down’, *Financial Times*, 17 December 2007.

to take on banking functions and loosened the rules that govern borrowing and lending. Following the collapse of Enron it was revealed that several leading banks had helped the company fool investors and regulators by devising a multitude of off-balance sheet special purpose entities. To the surprise of many, the subsequent legislation did not introduce an outright ban but allowed, under rule 46-R of the Sarbanes–Oxley Act, the holding of vehicles off-balance sheet so long as the bulk of the rewards and risks lie with others.¹² While other investors had some exposure, the banks, as owners of the SIVs, have learnt the hard way that structured finance products can generate less controllable losses than simple assets, whose value can never dip below zero.

Fantasy valuations

Martin Wolf has compared the high bank profits of 2006 with long-run equity returns. While the latter run at about 7 per cent, the return earned by US, German, French and Italian banks in 2006 was around 12 per cent, and UK banks returned 20 per cent.¹³ These high rates of return reflect leverage, ‘thin’ capitalization and risk-taking. The miracle of banking has always lain in the fact that bankers’ liquid assets are much less than their outstanding loans. This stems from the credit-creating function of banks. The central banks, as lenders of last resort, are there to insure against bank runs, as the Bank of England reluctantly proved when, with help from the UK Treasury, it bailed out Northern Rock, and as the US Federal Reserve showed when it subsidized the sale of Bear Stearns.

The central banks supposedly control their risks by establishing strict asset qualifications and capital/loan ratios. Level 1 capital for UK banks was only 4 per cent of total outstanding liabilities at the close of 2007. The US banks claim to be better capitalized, with 8 to 9 per cent of Level 1 capital, though Citigroup had dropped to 7.3 per cent at that time—they are meant to stay above 8 per cent. These are not generous levels of capitalization but were still deceptive in that they hid problems created by the lending spree off-balance sheet—with leverage rendered invisible and liabilities rated as assets. This became apparent as the banks were forced to recognize the collapse of the secondary, ‘hidden’, banking system

¹² Floyd Norris, ‘Why Surprises Still Lurk After Enron’, *New York Times*, 29 February 2008.

¹³ Martin Wolf, ‘Why Banking Remains an Accident Waiting to Happen’, *Financial Times*, 28 November 2007.

constituted by off-balance sheet srvs, conduits and bank-sponsored hedge funds. The 'slow motion' collapse reflected reporting periods and rules of disclosure. The srvs held scores of billions of dollars of credit derivatives, at model prices, reflecting great optimism or even sheer fantasy. Within specified time limits, however, the banks' accountants are obliged to 'mark to market', that is, set a market price on them. The best assets—'Level 1' assets—are those which can be valued simply by consulting a Bloomberg screen, where their price at a given moment will appear. 'Level 2' asset values are based on a model which relates them to an index of similar traded assets. 'Level 3' asset values are based simply on models, with no directly traded element—a form of guesswork, or, in troubled conditions, a wish and a prayer.

By August 2007, mortgage-based securities were difficult to sell and those based on subprime mortgages could scarcely be given away. They had never qualified for Level 1, but now they did not make Level 2 either. On 8 November *The Economist* noted: 'Among Wall Street firms, the soaring amounts of Level 3 securities now exceed their shareholder equity.'¹⁴ In the case of Citigroup, its collateralized debt obligations (CDOs) alone were worth more than the equity value of the bank, forcing it, in subsequent weeks, not just to search for new investors, but to offer the latter preferred shares or 'convertibles' that greatly diluted the holdings of their existing shareholders—a convertible is a bond in so far as it has a prior claim on the company's revenues but converts to a share above a given strike price.¹⁵ By April 2008 the IMF was estimating that total losses were likely to come to \$945 billion: 'Global banks are likely to shoulder roughly half of aggregate potential losses, totalling from \$440 billion to \$510 billion, with insurance companies, pension funds, money-market funds, hedge funds and other institutional investors accounting for the balance.'¹⁶ However these funds, especially insurance and pension funds, also have large shareholding stakes in the banks, so will suffer heavy indirect losses. Indeed, most of their losses are 'collateral damage' since their direct holdings of subprime CDOs were minimal.

¹⁴ 'CDOh no!', *Economist*, 8 November 2007.

¹⁵ 'Breaking Views: To Raise More Capital, Citigroup Is Shoving Aside Its Shareholders', *Wall Street Journal*, 16 January 2008.

¹⁶ IMF, *Global Financial Stability Report: Containing Systemic Risks and Restoring Financial Soundness*, Washington DC, April 2008, p. 12. The IMF estimate of losses is almost twice that of Greenlaw et al's 'Leveraged Losses' mainly because its coverage is more global and comprehensive.

Low interest rates tempted many homeowners to go deeper into hock by re-mortgaging. As Robert Brenner showed, the asset bubbles—first technology shares and then houses—helped to maintain the mirage of a buoyant economy and consumption growth, but only at the cost of growing personal and corporate indebtedness.¹⁷ Non-financial corporations—especially the auto companies—had long offered consumer credit since this was the only way to maintain sales volume; now homeowners were encouraged to treat their houses like ATMs. By 2003, some 18 per cent of the disposable income of US consumers was required to service debt; yet neither the Federal Reserve nor the Securities and Exchange Commission (SEC) moved to crack down on the securitized mortgage bonanza. Those who felt wealthy could build a McMansion while the majority, with their flat earnings, still aspired to the comfortable lifestyle portrayed in TV and magazine ads. Low teaser rates led millions of the poor to believe they could own a home. By 2007, weak housing and consumer debt were both hovering around the \$1 trillion mark. For some time finance houses had teamed up with retailers to shower so-called gold and platinum cards on all and sundry, with the hope of ratcheting up consumer debt and subsequently charging an annual 18 or 20 per cent on money for which the banks themselves were paying 3 or 4 per cent. These high rates of return whetted the banks' appetite for dubious lending.

By February 2008, after more than a year of wilting prices, the number of US homeowners with negative equity rose to 8.8 million or one-tenth of the total.¹⁸ Because houses seem such good collateral, the total home mortgage debt was around \$11 trillion, of which a little over a tenth was either 'subprime' or almost equally doubtful 'Alt A'. Credit-card debt rose to just short of \$1,000 billion, with automobile debt a little lower at around \$700 billion. In these cases the asset backing the loan is really the earnings capacity of the borrower, not the refrigerator or the car.

Contagion?

How bad could it get? Very bad, some believe. Nouriel Roubini of the Stern School of Business (NYU) has come up with a total of possible losses for the US economy that runs to several trillion dollars. Martin Wolf describes it as a recipe for 'the mother of all meltdowns': the bursting of

¹⁷ Robert Brenner, *The Boom and the Bubble*, London and New York 2002, pp. 146–52.

¹⁸ Edmund Andrews and Louis Uchitelle, 'Rescues for Homeowners in Debt Weighed', *New York Times*, 22 February 2008.

the housing bubble could wipe out between \$4 trillion and \$6 trillion in household wealth; subprime mortgage losses he puts at \$250–300 billion; then there will be consumer credit defaults, the downgrading of bond insurers, a meltdown in the commercial property market, the bankruptcy of a large bank, the collapse of several leveraged buy-outs, a wave of corporate defaults ('a "fat tail" of companies has low profitability and heavy debt'), the crumbling of the 'shadow financial system', a collapse of stock prices, a cascade of hedge-fund failures, and a severe credit crunch. After all this one scarcely needs to add 'a vicious circle of losses . . . contraction . . . and fire sales'.¹⁹

Wolf insists that this is a possible scenario—indeed, the 'bankruptcy of a large bank' prediction came true within less than a month—and that global linkage will be quite strong: Wall Street sneezes, a debilitated US economy catches a nasty virus, and the world comes down with flu. Of course some of these disasters may be milder than feared, and the authorities would try to prevent each element in the catastrophe; but according to Roubini the regulators do not have the right instruments to avert much of the damage. Indeed some of the problems of today stem from past attempts to put off the inevitable recognition of losses. If losses are not recognized and subordinated shareholdings expropriated, then it will remain unclear where new capital injections need to be made and stagnation may ensue, as it did in Japan in the 1990s.²⁰

Chain of irresponsibility

How on earth could such risks build up? The source of the problems which surfaced in 2007—though some had warned about them years earlier—did not lie only in the US deficits or the Fed's easy money policy. It also lay in an institutional complex and a string of disastrous incentives and agency problems riddling an over-extended system of financial intermediation. To start with, take the incentives relating to those notorious 'subprime' CDOs. New subprime mortgages rose from \$160 billion in 2001 to \$600 billion in 2006—by which time they constituted

¹⁹ Martin Wolf, 'America's Economy Risks the Mother of All Meltdowns', *Financial Times*, 20 February 2008.

²⁰ The reluctance of political and financial authorities to recognize losses and carry out expropriations is stressed by Jean-Charles Rochet, *Why Are There So Many Banking Crises? The Politics and Policy of Bank Regulation*, Princeton 2008, pp. 4–5, 28–33, 284.

one-fifth of mortgage originations. The salesmen responsible for this surge received a generous commission for each new loan, paid upfront but expressed as a proportion of the redemption payments to be made over several years. Brokers happily signed up 'ninjas'—no income, no job and no assets—by the hundred thousand. This behaviour was directly encouraged by their incentive structure, while legislation dating back to the 1960s had relaxed credit standards for the low paid and jobless without reckoning with the likely consequences. The Bush administration's vision of the 'ownership society' somehow latched onto codicils of Johnson's 'Great Society' to encourage the poor to take on housing debt at the pinnacle of a property bubble. The quality of the arrangements made for poorer mortgagees was manifestly inadequate—they had no insurance provision—and also avoided the real problem, which is the true extent of poverty in the United States and the folly of imagining that it can be banished by waving the magic wand of debt creation.²¹ Indeed the subprime borrowers were lured into inherently bad deals by those low 'teaser rates' that bore no relation to the large payments required of them down the line.

The bad mortgage bets were to be hugely compounded by the investment banks that purchased the mortgage debt for resale, supposedly according to the 'originate and distribute' model—take on debt, repack-age it, and sell it on. As a report in the *Wall Street Journal* explained:

Upfront commissions and fees are well established on Wall Street. Investment banks get paid when billion-dollar mergers are signed. Firms that create complex new securities are paid a percentage off the top. Rating services assess the risk of a new bond in return for fees off the front end.²²

Just to complete the picture, one should add that such fees are not only garnered by those in investment banks who construct and sell asset-backed securities. On the day his employer announced a write-down of over \$8 billion, a managing director at an investment bank explained that the bank's own senior risk-assessment officer had received a

²¹ Louis Hyman, 'The Original Subprime Crisis', *New York Times*, 26 December 2007.

²² Charles Forelle and Jeanne Whalen, 'US Financiers' Pay Spurs Financial Crunch', *Wall Street Journal*, 17 January 2008. This is part of a structural incentive problem evident in earlier bubbles. In a prescient 1993 article two financial economists, Franklin Allen and Gary Gorton, warned of the design flaw in incentive schemes, encouraging financiers to join a speculative bandwagon even if they know it will eventually run into a ditch. 'Churning Bubbles', *Review of Economic Studies*, vol. 60, no. 4, 1993, pp. 813–36.

bonus of \$21 million in the previous year for his part in the great CDO bonanza. What was more, this executive still did not report directly to the board.

Returns on risk

The subprime mortgage meltdown perfectly illustrates the perils of financialization and what I have called 'grey capital'—great clouds of institutionalized savings, including private pension money, entrusted to financial industry insiders. I have previously explained how the growth machine of the 1990s and 2003–06 widened inequalities and was based on unsustainable mountains of debt.²³ At a certain point the burden of debt repayment would extinguish the prospects of more credit. Lulled by success, the banks faced a 'Minsky moment', in which the new risks and instabilities of a financialized capitalism would storm through the markets.²⁴

The banks themselves borrowed to buy up subprime lenders, some even with convictions for 'predatory lending', because this gave them access to just what they craved—rubbishy assets. They had supposedly discovered how to limit their own exposure, while raking in the charges, by repackaging poor debts as CDOs and selling them on to their clients. Risky debt was potentially far more profitable than good debt because the latter is expensive to acquire and can never be worth more than par, while the value of the former was heavily discounted, and optimism about repayment prospects and the ingenuity of 'structured finance' led to high resale prices.²⁵

²³ See Robin Blackburn, 'Finance and the Fourth Dimension', NLR 39, May–June 2006 and *Age Shock: How Finance Is Failing Us*, London and New York 2006, especially pp. 175–81.

²⁴ Hyman Minsky argued that capitalist financial markets had a tendency to become steadily more fragile in the course of a boom. Among other reasons, this is because banks become accustomed to low defaults and skimpy margins of safety, and because such booms tend to secrete Ponzi-effects—after Charles Ponzi, author of a pyramid scheme. See Minsky's essay 'The Financial Instability Hypothesis', in Charles Kindleberger and Jean-Paul Laffargue, eds, *Financial Crises: Theory, History and Policy*, Cambridge 1982, pp. 1–39. For a helpful discussion of Minsky see Geoffrey Ingham's valuable recent book, *The Nature of Money*, Cambridge 2004, pp. 159–62.

²⁵ Tony Jackson, 'Crazy Crisis May Herald the End of New Derivative Folly', *Financial Times*, 24 December 2007.

With direct access to subprime mortgages, the banks and hedge funds had enlarged scope for bundling them together as CDOs, in ways that supposedly spread and insured the risk. Thousands of mortgages would be consolidated into one instrument and the resulting pool of debt subdivided into ten tranches, each representing a claim on the income accruing to the underlying mortgages; the lowest tranche represented the first to default, the second the next poorest-paying assets and so on up to the senior levels which were least likely to default. The bottom tranche of the CDO, designated the 'equity', was both vulnerable and valuable, and the mezzanine portion also attracted a good return. The senior ones—the top 70–75 per cent—were more difficult to sell because the reward and (it was thought) risk were quite low. The different tranches' vulnerability to default was hedged by taking out insurance, at rates varying according to the perceived level of default risk. Note that a feature of the securitizing and tranching process is that the holders of a tranche would not know which specific mortgages they held until the default rate within a specified period became clear. Depending on the precise wording of the bundled security, the different classes of holder could also find themselves, if there was a default spike, bundled together in awkward and unexpected ways.

The generally buoyant conditions of 2003–06, with low default rates and low interest rates, meant that CDO insurance was cheap. The purchaser was assured by those assembling the CDO that it came with a secure hedge and that the whole package had a 'triple A' grade from the ratings agencies. The complexity of the CDO with its accompanying insurance made the entire credit-derivative product difficult to value. Unsold portions could be 'sold' at model prices to SIVs or conduits, set up with the bank's own credit. These prices reflected trust in the banks and the ratings agencies that had produced and evaluated the products. At the height of the CDO boom the ratings agencies were deriving half their income from such fees.²⁶ The SIVs were off-balance sheet, so that the bank's stake in them was an asset, while the liabilities stowed away did not show up. Institutional investors could be persuaded to buy the SIVs' supposedly high-quality, short-term commercial paper, allowing the vehicles to acquire longer-term, lower-quality assets, and generating a profit on the spread between the two. The latter included large amounts of mortgages, credit-card debt, student loans and other receivables. Like

²⁶ 'The Moody's Blues' (editorial), *Wall Street Journal*, 15 February 2008.

CDOs, the SIVs are tranching with the bank holding the equity. For about five years those dealing in SIVs and conduits did very well by exploiting the spread between the return from the commercial paper they sold to investors and that from the SIVs' asset base of securitized receivables, but this disappeared in August 2007, and the banks were left holding a very distressed baby.²⁷

Market ignorance?

While the party lasted the big banks could not get enough mortgages to feed their CDO assembly lines. The banks' frenzy to acquire subprime mortgages became so intense that they encouraged brokers to skimp on the credit checks required by standard 'due diligence'. In return for immunity from prosecution, Clayton Holdings, a company that 'vetted home loans for many investment banks', is reported to have delivered documents to Andrew Cuomo, New York's attorney general, showing that its clients—the banks—had allowed it to wave through many 'exceptions' to the normal lending conditions and then conceal the high number involved. The report itemizes serial irresponsibility.²⁸

The complexity of the CDOs and CDSs—credit default swaps, the financial instruments which insure bond holders—generates new risks: documentation risk, operational risk, ratings risk, counter-party risk, liquidity risk and linkage risk among them. At the height of the CDO/CDS surge thousands of mortgage bonds were being packaged and rated every week. Sometimes the back-office paperwork lagged, skipped stages or was out of sequence, leading to unexpected complications. On 15 November 2007 it was reported that an Ohio judge had dismissed fourteen foreclosures brought on behalf of investors in pooled mortgages, on the grounds that they had failed to prove their ownership of the properties they were trying to seize.²⁹

Traditional subprime lenders had tended to cover particular localities about which they built up detailed information. They also had teams who would assess potential borrowers according to quite complex criteria, and

²⁷ For an account of how SIVs work, see BCA Research, Special Report: *A Vicious Circle of Credit Retention*, Montreal, 12 February 2008, p. 8.

²⁸ Jenny Anderson and Vikas Bajaj, 'Loan Reviewer Aiding Enquiry into Big Banks', *New York Times*, 27 January 2008.

²⁹ Gretchen Morgenson, 'Foreclosures Hit a Snag for Lenders', *New York Times*, 15 November 2007.

collection agents who would retain contact with the mortgage holder. But the large mortgage brokers and investment banks had a different *modus operandi*. In the days of J. P. Morgan, the banks rated 'trust' even more highly than collateral. But then they were dealing with a relatively restricted number of wealthy individuals and businesses. The ballooning of individual debt offered a vast market but with little scope for personal knowledge and judgment. Fair Isaac and other personal credit-rating agencies believed that the creditworthiness of any customer could be distilled into a single three-digit number, reflecting the statistical probability of default.³⁰ Borrowers and brokers learnt how to manipulate the scores. As the growth of negative equity raised defaults, this algorithm became quite unreliable. In normal times those who hold a mortgage on their house will be greatly concerned to maintain payments, but for the almost 9 million or more with negative equity, the attraction of simply walking away is great. As soon as they believe that the property is worth less than their debt, they have an inducement to put the keys in the post, surrendering the asset and escaping the debt.³¹

The mortgage issuers should have ignored the Fair Isaac scores and taken due note of market risk. After all, default rates correlate more strongly with the trade cycle than anything else. But this factor was ignored, as were the signs from deteriorating credit tests. In a market that had been rising for years there was still money to be made by assuming it would last a little while longer—long enough to 'distribute'. And many believed that business cycles were becoming so mild, and counter-cyclical action by the monetary authorities so strong and effective, that consumer defaults were dwindling.

The investment banks were playing a fast-moving game of 'pass the parcel'. According to breathless 'flat world' accounts of globalization, loans could be bought one day, packaged overnight in India, and sold on to institutional investors the next day. The sooner the sale, the better the risk profile. But by 2006 the supply of CDOs exceeded demand. Many public-sector and 'defined benefit' pension funds declined to buy the

³⁰ Jan Kregel, 'Minsky's Cushions of Safety: Systemic Risk and the Crisis in the US Subprime Mortgage Market', Levy Economics Institute of Bard College, Policy Brief no. 93, January 2008, p. 11.

³¹ Dean Foust and Aaron Pressman, 'Credit Scores' Not-So-Magic Numbers', *Business Week*, 7 February 2008; Nicole Gelinas, 'The Rise of the "Mortgage Walkers"', *Wall Street Journal*, 8 February 2008.

CDOs, because they suspected them or were not sure how they worked. But those with mutual funds and '401(k)' retirement plans were often less well served by their fund managers. There was also demand from other financial institutions—especially hedge funds—who liked the fact that the CDOs came with impressive credit ratings and could indirectly be used to bolster their asset base. Several of the major banks themselves developed a taste for the decorative qualities of their fool's gold. Even if they knew defaults must be in prospect, they believed they could hedge against them or invest only in well-protected tranches. Furthermore, the money-management arms of the banks had some scope for palming off the well-rated derivatives on the less wary of their institutional clients. Thus in January 2008 the secretary of the municipality of Springfield, MA, complained that Merrill Lynch, manager of the authority's fund, had sold it CDOs for a total price of \$13.9 million on the understanding that they were safe assets. By November 2007 they were only worth \$1.2 million. Fearful of the consequences for its reputation, Merrill Lynch repurchased the assets at the sale price.³²

Tremors

A protracted sequence of reporting periods attached to the various financial services and products delayed the impact of the subprime crisis. The earthquake did not bring down everything at once. The default rate jumped in the second half of 2006. By February 2007 it became clear that defaults were running at a level that was likely to take down Countrywide, one of the largest mortgage brokers in the US; in a move prompted by the Fed, Bank of America offered to rescue Countrywide and guarantee its business, but the deal dragged on for months. In early March 2007 the New York Stock Exchange suspended New Century Financial, a company which had taken on insurance obligations for sub-merged tranches of mortgage debt for most of the big banks.

The CDO tranches in the SIVs and conduits were now dubbed 'toxic waste' by insiders. In the context of a credit crunch and mortgage-default rise this colourful phrase had a very exact meaning. The CDO tranches turned from being steady earners into a source of loss as their return fell below the interest that had been promised to investors in the conduits' commercial paper. As beneficial owners of the SIVs and conduits, the

³² Craig Karmin, 'Merrill Faces Fraud Allegations', *Wall Street Journal*, 1–2 February 2008.

banks had to find a way of meeting their obligations to the holders of the commercial paper which had been issued in their name. Sale of the securitized mortgages and other receivables was imperative, but no one wanted to buy them. 'Leveraged assets' become a curse when the asset value turns negative.

In the epoch of financialization households have been encouraged to comport themselves as businesses—for example taking out a second mortgage because their home has risen in value. But many householders remain cautious as they realize that they want to go on living in their home. Financial intermediaries, to a far greater extent than households, actively adjust their balance sheets in response to changes in asset prices. Exception made of their flashy headquarters, the banks get no use-value from the assets on their balance sheet and are obliged to chase a monetary return. Greenlaw, Hatzius and their co-authors contrast the pattern of response from households and financial concerns:

financial intermediaries react in a very different way to the fluctuations in net worth as compared to households or non-financial firms . . . households tend not to adjust their balance sheets drastically to changes in asset prices. In general, leverage *falls* when total assets rise . . . However, the picture for financial intermediaries is very different. There is a *positive* relationship between changes in leverage and changes in balance-sheet size. Far from¹ being passive, financial intermediaries adjust their balance sheets actively.³³

This behaviour by financial intermediaries, the authors believe, made a critical contribution to the mortgage bubble: 'With regard to the subprime mortgage market in the United States . . . when balance sheets are expanding fast enough, even borrowers who do not have the means to repay are granted credit—so intense is the urge to employ surplus capital. The seeds of the subsequent downturn in the credit cycle are thus sown.' But once contraction sets in, balance-sheet pressure runs powerfully in the opposite direction and the banks are obliged to hoard cash. The super-leveraged conduits and SVs aggravated the pattern, as they had been set up with access to automatic lines of credit from the parent institution. Greenlaw and co explain:

As credit lines were tapped, the balance-sheet constraint at the banks must have begun to bind, making them reluctant to lend . . . The fact that bank

³³ Greenlaw et al, 'Leveraged Losses', pp 25–6.

balance sheets did not contract is indicative of this involuntary expansion of credit. One of the consequences . . . was that banks sought other ways to curtail lending. Their natural response was to cut off, or curtail, lending that was discretionary. The seizing up of the interbank credit market can be seen as the conjunction of the desired contraction of the balance sheets and the 'involuntary' lending due to the tapping of credit lines by distressed entities.³⁴

Balance-sheet pressures were ramped up as accounting deadlines kicked in. The banks' auditors wanted their clients to accept large write-downs on these assets. But to do so was to make deep inroads on their capital base, and, for the weaker, this raised the spectre of collapse. While grappling with conduit-related balance-sheet pressure they also had to keep a weather eye out for other threats, notably those arising from flaky insurance.

Bond insurance

A string of bankruptcies among the heavily leveraged would test the market for credit default swaps (CDSs). Municipal bond insurers, known as 'monolines', enjoyed 'triple A' rating because of this conservative specialization. Pension funds and other institutions were heavily invested in the monolines, with holdings amounting to \$800 billion at the close of 2007. However, some years back the monolines diversified and took on insurance for corporate as well as municipal bonds, still claiming that their 'bond only' insurance remit was of limited risk.³⁵ The meagre capitalization of the large bond insurers weakened their credibility, notwithstanding their past ratings. The search for more exciting returns had drawn them into branches of corporate and financial insurance that overstretched their capital base. An institutional investor complained that Ambac, a monoline with equity capital of less than \$5 billion, insured the debt of California, the world's sixth largest economy.³⁶ If the monolines lost their coveted triple A ratings, this would sharply raise their cost of capital. They escaped downgrades by means of discreet capital injections arranged by several of their clients, including the banks. Shareholders suffered dilution but the prospect of collapse was staved off. It is possible

³⁴ Greenlaw et al, 'Leveraged Losses', pp. 30, 32-3.

³⁵ Saskia Scholtes and Gillian Tett, "'Casualties and Shipwrecks' Warning for Credit Markets', *Financial Times*, 11 January 2008.

³⁶ William Gross, 'Rescuing Monolines Is Not a Long-Term Solution', *Financial Times*, 8 February 2008.

that the Federal Reserve helped to promote this outcome, as it undoubtedly did with the buy-out of Bear Stearns. The saving of Bear Stearns and Countrywide by means of takeovers was a win both for their bondholders and for those concerns that had insured their bonds.³⁷ Indeed, when a company teeters towards bankruptcy, bondholders and shareholders can have quite different interests; a 'rescue' at fire-sale prices can punish shareholders but leave bondholders relatively unscathed.

We have seen that the securitization boom helped to make up for a stagnation or decline in the banks' fees from corporate lending and underwriting—IPOs, rights issues etc.—in 2001 and after. Indeed, the banks, helped by their role in packaging and selling all manner of 'credit derivatives' including mortgage-backed CDOs, achieved remarkably good profits right up to the actual outbreak of the credit crisis. This was true of both the historic investment banks and the commercial banks, albeit that, in the aftermath of deregulation, this distinction was breaking down. A residual contrast was that the investment banks are 'prime brokers' and engage in large amounts of proprietary trading, risking their own money but in ways that are often difficult to fathom. Where commercial banking operations loom large in a financial group, as they do at JP Morgan Chase, the balance sheet tends to be stronger—hence its ability to absorb Bear Stearns. However, credit derivatives had appeal to both types of financial concern, helping to blur the distinctions between them.

Cassandras and others

Warren Buffett warned in 2002 that derivatives were 'financial weapons of mass destruction'. In a letter to the shareholders of Berkshire Hathaway, he conceded that Berkshire's main business, re-insurance, was itself conceptually close to the use of derivatives, the latter being calibrated bets on a pattern of future events not unlike those made by an insurer. He pointed out that there are widely shared risks in the derivatives world and that 'there is no central bank assigned to the job of preventing the dominoes from toppling in insurance or derivatives'. He also observed:

Many people argue that derivatives reduce systemic problems, in that participants who can't bear certain risks are able to transfer them to stronger

³⁷ Gretchen Morgenson, 'In the Fed's Cross-Hairs: Exotic Game', *New York Times*, 23 March 2008.

hands . . . on a micro level, what they say is often true. Indeed at Berkshire, I sometimes engage in large-scale derivatives transactions in order to facilitate certain investment strategies. Charlie [Munger] and I believe, however, that the macro picture is dangerous and getting more so. Large amounts of risk, particularly credit risk, have become concentrated in the hands of relatively few derivatives dealers, who in addition trade extensively with one another. The troubles of one could quickly infect the others. On top of that, these dealers are owed huge amounts by non-dealer counterparties. Some of these counterparties . . . are linked in ways that could cause them contemporaneously to run into a problem because of a single event . . . Linkage, when it suddenly surfaces, can trigger serious systemic problems.³⁸

Buffett complained that the way banks account for their holdings of derivatives was completely impenetrable and made a mockery of the disclosure requirements placed on them. The derivatives revolution, on this reading, was the most decisive step towards deregulation. Buffett was also clear that the banks were riddled with principal-agent problems:

I can assure you that the marking errors [i.e. the errors made in 'marking to market'] in the derivatives business have not been symmetrical. Almost invariably, they have favoured either the trader who was eyeing a multi-million dollar bonus or the CEO who wanted to report impressive 'earnings' (or both).

Alan Greenspan, whose job it was to monitor such problems, preferred to remain a cheer-leader for the financial services industry. Addressing the Futures Industry Association in March 1999, he insisted that any new regulations on derivative products 'would be a major mistake': 'Regulatory risk-measurement schemes', he added, 'are simpler and much less accurate than banks' [own] risk-measurement models.'³⁹ His view chimed well with the repeal of Glass-Steagall that year and the passage of the Futures Modernization Act, sponsored by Congressmen Gramm, Leach and Bliley and signed into law by President Clinton in 2000. When Greenspan came to write his memoirs he explained: 'I was aware that the loosening of mortgage credit terms for subprime borrowers increased financial risk . . . But I believed then, as now, that the benefits of broadened home ownership are worth the risk.'⁴⁰ By the time

³⁸ Warren Buffett, 'Letter to the Shareholders of Berkshire Hathaway', 2002, p. 14; available on Berkshire Hathaway website.

³⁹ Nelson D. Schwartz and Julie Creswell, 'What Created This Monster?', *New York Times*, 23 March 2008.

⁴⁰ Alan Greenspan, *The Age of Turbulence: Adventures in a New World*, New York 2007, p. 233.

this was published the mirage of 'broader home ownership' was beginning to melt away, menacing his 'brave new world' of rising productivity and low unemployment and inflation.

Some of Greenspan's colleagues, however, were alarmed by his cavalier approach to swelling debt. Ned Gramlich, a Federal Reserve governor, queried the chairman's approach in 2000 and later drew up a detailed indictment asking why super-sophisticated mortgage products were being foisted on the poor.⁴¹ Others in touch with the Federal Reserve system were also concerned. In 2004 the Fed published a paper by Michael Gibson outlining how vulnerable CDOs were to the business climate; they could come unstuck very quickly if a recessionary breeze unsettled the interlinked flow of payments.⁴² The US regulators seemed to ignore the broad issues of linkage and correlation risk. No doubt they were loath publicly to draw attention to the risks courted by the banks, their SVs and their insurers, or the linkage between them. Investors large and small had no viable way of tackling linkage or default correlation risk—insurance costing 400 basis points would wipe out any profit in holding these assets. As we have seen, many public-sector pension funds did shun the CDOs and CDSs, which is one reason why the investment banks were caught with so much inventory on their hands. The managers of these funds are inclined to be cautious and to pay attention to the warnings of informed commentators.

Two men were well placed to anticipate these problems, yet failed to do so: Robert Rubin and Henry Paulson. Rubin was a respected director at Citi and could have ensured a much smaller exposure to the risky instruments. He was at the forefront of the financial revolution in the 1980s, when he recruited the ace risk-evaluators to Goldman Sachs, where he then worked. Henry Paulson as Goldman chief ensured that the bank would emerge almost unscathed from the subprime debacle. Yet at the Treasury he took no public or effective steps to avert the catastrophe. Were there aspects of the problem that simply eluded these super-intelligent and deeply informed financiers? Or were they blinded

⁴¹ Edmund Andrews, 'Fed and Regulators Shrugged as Subprime Crisis Spread', *New York Times*, 18 December 2007. Ned Gramlich's last warning came in a contribution to the Fed's Jackson Hole conference in August 2007, shortly before his death.

⁴² Michael S. Gibson, 'Understanding the Risk of Synthetic CDOs', Federal Reserve Working Paper No. 36, Washington, DC 2004.

by faith in the market, or in the ability of the financial community to regulate itself?

II. THE FOG OF FINANCIALIZATION

The subprime debacle and its sequels train a spotlight on financialization. When properly embedded in structures of social control, finance can help to allocate capital, facilitate investment and smooth demand. But if it is unaccountable and unregulated it becomes sovereign in the re-allocation process, and can grab the lion's share of the gains it makes possible, including anticipated gains before they have been realized. The problem is aggravated as financial intermediaries proliferate and take advantage of asymmetries in access to information and power imbalances. Such distortions multiply as 'financialization' takes hold. It is boosted as the logic of finance becomes ubiquitous, feeding on a commodification of every aspect of life and the life-course—student loans, baby bonds, mortgages, home equity release, credit-card debt, health insurance, individualized pension funds.⁴³ Financialization also encourages corporations to privilege financial functions and to see themselves as chance collections of assets which, as circumstances change, must be continually broken up and reconfigured. While the individual is encouraged to think of him or herself as a two-legged cost and profit centre, the corporation is simply an accidental assemblage to be continually shuffled in response to fleeting market signals.

Resort to 'leverage' in the financialized world supposedly enables individuals and corporations to get rid of 'unrewarded risk' and maximize outcomes. While the word 'debt' has a negative ring to it, the word 'leverage' is positive; indeed it is now often used as a verb, as we leverage our assets in order to reach for the stars. Forgetting that Archimedes' lever had a purchase point, the financial engineers aspire to move the world without securing the land on which they stand. In their philosophy, all that is fixed melts into air. This gives them some insight into capitalist motion but no sense of its limits. In contemporary capitalist conditions, especially a grey capitalism riddled with defective links between principals and agents, financialization becomes hugely destructive.

⁴³ Randy Martin, *The Financialization of Daily Life*, Philadelphia 2002, and Blackburn, *Age Shock*, pp. 29–74.

Two processes that took hold in the 1950s and 1960s nourished financialization—new principles of consumer credit, and the rise of institutional finance and fund management. In the postwar period, American retailers and manufacturers constructed a new world of revolving credit and ‘option accounts’, eventually culminating in the credit card.⁴⁴ Fostering consumer credit soon became critical to the success of a wide range of businesses. The Commercial Credit Corporation (CCC) offered its services to retailers who lacked sufficient expertise—or capital—to set up their own lending operation. General Electric offered finance to purchasers of its wide range of consumer durables, laying the basis for the emergence of the mighty GE Capital, responsible for 42 per cent of group profits in 2000. General Motors expanded the General Motors Acceptance Corporation (GMAC) as of the late 1960s, a finance arm which accounted for nearly all group profits by the close of the century. Louis Hyman concludes: ‘Rather than forced down on consumers and retailers by banks, credit practices trickled *up* to financial institutions as retailers responded to the limits on their capital.’⁴⁵ Diners Club, American Express and Visa picked up and developed such already established lending practices.

The powerful trend towards financialization was also evident in the rise of institutional investment—pension funds, insurance, mutual funds and college endowments. Indeed it was often they who supplied the capital needed to finance the new credit arrangements, with different financial intermediaries taking generous fees as both fund managers and lenders. In the 19th and early 20th centuries, co-operatives, housing associations and insurance companies organized on a genuinely ‘mutual’ basis—i.e. owned by their members, not private shareholders—managed to bring down the costs of intermediation by cutting out the commercial middlemen. But the consumer revolution of the 1950s and 1960s was driven by large-scale commercial retailers and their banks. In later decades many genuine mutuals were

⁴⁴ See Louis Hyman, ‘Debtor Nation: How Consumer Credit Built Postwar America’, Harvard University PhD 2007, Ch. 6. The phenomenon was charted with foreboding by *Monthly Review*, whose early focus on personal debt reflected an analysis to be found in the classic work by Paul Baran and Paul Sweezy, *Monopoly Capital*, New York 1966, arguing that US capitalism was dogged by overproduction. For a more recent reprise see John Bellamy Foster, ‘The Household Debt Bubble’, *Monthly Review*, vol. 58, no. 1, May 2006.

⁴⁵ Hyman, ‘Debtor Nation’, Ch. 6, p. 3.

marginalized or broken up, with members receiving a modest pay-off in the event of privatization.

Theoretical models

The financial surge was accompanied by a revolution in finance theory that was pioneered as much by those advising institutional investors as by economics departments, since most of the latter took no interest in the world of everyday finance. The global turmoil and computing advances of the mid-1970s gave great scope to a new theory of financial economics and a practice of financial engineering. Its principles and methods were incubated by economists and financial professionals, who were both intrigued by the novel credit conditions and ideologically hostile to the well-ordered world of the postwar boom, with its government regulation, managerialism, hierarchy of leading corporations and increasingly influential fund managers. Fischer Black (1938–95), who straddled the world of finance and academia, was the most theoretically fertile and ambitious member of the emerging school. On the one hand Black was co-inventor of one of the financial world's most intensively used instruments—the Black–Scholes options-pricing formula—and on the other he sought to arrive at a new equilibrium model.

In the mid-1960s Fischer Black was asked by the Investment Company Institute (ICI), a fund managers' consortium, to prepare evidence which it could submit to forthcoming Congressional hearings, showing that fund managers were doing a good job for their clients—pension funds, college endowments and investors in mutual funds. In conjunction with two academics also working on the problem, Michael Jensen at Chicago and William Sharpe at Seattle, Black commenced a collaboration that was to redefine the 'capital asset pricing model', underlie the Black–Scholes options-pricing mechanism, and earn his other collaborators, Myron Scholes and Robert C. Merton, the Nobel Prize for Economics in 1997.⁴⁶ However, to the disappointment of his commercial sponsors, Black and his associates, after analysing decades of share price movements, found no evidence that fund managers added anything to the

⁴⁶ For the gestation and significance of Black–Scholes, see Donald MacKenzie, 'An Equation and its Worlds', *Social Studies of Science*, vol. 33, no. 6, December 2003, pp 831–68.

value of their assets. (The ICI omitted this embarrassing conclusion from the published report.)⁴⁷

The 'financial engineers' pinpointed the contribution to share performance made by a particular management by separating it from share price movements which simply reflected overall shifts in the stock market or industrial sector. On average, they found, half of share-price movement is not company- or sector-specific but reflects overall market trends; sector trends accounted for 10 per cent of price changes. The logic of this approach led to a host of share indices, such that investors could bet on their movements to screen out risk and secure reward. This was the origin of risk arbitrage, or the exploitation of asset mis-pricing in the wake of such market events as a hostile take-over bid.⁴⁸ Black urged that the prudent investor should be thoroughly diversified and intolerant of 'unrewarded risk'. These watchwords of financialized investment have unexpected dimensions. For Black, diversification should extend through time as well as within the universe of assets currently available. The same nominal asset in three days, or three years, was not, in fact, the same asset because, as the Greek philosopher pointed out long ago, you cannot step in the same river twice.

But Black's stress on longitudinal diversification also supported 'dynamic hedging', in which the portfolio is continually reassessed and recomposed. Aversion to unrewarded risk can prompt either a reasonable attempt to remove this—e.g. currency, inflation or interest-rate risk, which can be done by hedging—or a continuous search for risks that carry a reward. This idea often informs the 'leverage with everything' approach. Leveraging the assets in a portfolio allows greater diversification; while remaining invested in one set of assets, the investor can mortgage them and establish a claim over another set, perhaps by buying an option or taking out a short position. Such procedures may also minimize tax.

⁴⁷ Perry Mehrling, *Fischer, Black and the Revolutionary Idea of Finance*, Hoboken, NJ 2005, pp. 60–4.

⁴⁸ An example being John Paulson—no relation to Henry—a maestro of risk arbitrage. While risk arbitrage usually focuses on just one event, Paulson took a further step in 2005, seeing house prices, mortgages and CDOs as a gigantic bubble; he set up two very bearish hedge funds whose value increased from some \$30 million in 2006 to over \$4 billion by the beginning of 2008. (George Soros also did well backing Paulson in 2007.) Gregory Zuckerman, 'House Money: How Trader Made Billions on Subprime Downturn', *Wall Street Journal*, 16 January 2008.

Black's respect for 'strong economic forces' working themselves out through an inescapable overall equilibrium made him a critic of both monetarists and Keynesians. Monetary policy was always impotent in the face of changes in what people want. Black favoured 'uncontrolled banking'—including the waiving of all deposit ratios. In 'Banking and Interest Rates in a World Without Money' he invoked the advantages of a passive banking system—quoting James Tobin to the effect that in such a world, 'the real economy would call the tune for the financial sector, with no feedback in the other direction.'⁴⁹

Black expressed various views concerning the 'efficient market hypothesis', according to which market prices reflect all available information at a given point in time. He did, however, formulate a version he could accept in the following terms:

We might define an efficient market as one in which price is within a factor of 2 of value, i.e. the price is more than half of value and less than twice value . . . By this definition, I think almost all markets are efficient almost all of the time. 'Almost all' means at least 90 per cent.⁵⁰

Many would regard such wide parameters as a very loose concept of efficiency. But Black liked approximations—the Black–Scholes model itself does not aim at great exactness. For Black the market price oscillated around the efficient price, just as Marxist economists hold that market price oscillates around value. Indeed the idea that price and value reflect 'socially necessary labour time' itself implies a remarkable approximation to efficiency.⁵¹

Black remains a contradictory and enigmatic figure. He took further than anyone else a model of equilibrium that treats human beings as bearers of 'human capital' who must maximize their returns. Perry Mehrling explains how he experimented with diet, sex and drugs in pursuit of this idea. He was the prophet of leverage because he believed that only the indebted had the single-minded focus on performance that equilibrium demanded (disconcertingly, this concept functions rather

⁴⁹ Fischer Black, 'Banking and Interest Rates in a World Without Money. The Effects of Uncontrolled Banking', in Black, *Business Cycles and Equilibrium*, Oxford 1987, pp. 1–19.

⁵⁰ Fischer Black, 'Noise', *The Journal of Finance*, vol. 41, no. 3, 1986, pp. 539–43, 533.

⁵¹ See Slavoj Žižek, 'The Parallax View', NLR 25, January–February 2004

like accumulation in a Marxist account). In the pursuit of diversification he alternated spells in academia with work on Wall Street. But when approached by the Chicago Board with the idea of basing the derivatives market on his option-pricing formula he declined to become involved and observed: 'Options are an exciting way to gamble, and the Chicago Board Options Exchange wants to act as the gambling house, and take its cut. There's nothing wrong with that; but if we are to permit this form of gambling, it seems logical to tax it as heavily as the government taxes betting on horse races.'⁵²

Risks and uncertainties

The quantitative finance pioneered by Black always wanted to know the worst-case scenario—how much would be lost in the case of a protracted collapse of the market? The banks that were knocked for six by the credit crunch all used elaborate measures for their Value at Risk (VaR). These have proved to be beset by flaws—they do not cope with the unexpected, and prompt replication or reinforcement of untoward events. Years of low volatility led to reduced VaR scores. Feeding bad news into these systems prompted sell signals that aggravated the dangers which the measure had initially highlighted.⁵³ The 1987 crash had revealed a similar problem with computerized programme trades.

The afflicted patient is often not the best judge. Regulators with access to a better-constructed VaR could act more rationally than those gripped by a tidal cash ebb. It would not be difficult to bring the visible balance sheet closer to the real balance sheet by requiring published, board-approved levels of VaR and proper disclosure of all liabilities pertaining to associated enterprises. SEC filings show that the VaR implied by trading activity at the major investment banks doubled between May 2006 and November 2007.⁵⁴ In recent years, as we have seen, Wall Street banks

⁵² Quoted in Mehrling, *Fischer Black*, p. 138.

⁵³ See Gillian Tett, 'Volatility Wrecks Financial World's Value at Risk Models', *Financial Times*, 12 October 2007. See also Boris Holzer and Yuval Millo, 'From Risks to Second-Order Dangers in Financial Markets: Unintended Consequences of Risk-Management Systems', *New Political Economy*, vol. 10, no. 2, 2005. The authors give the examples of the 1987 crash and the collapse of LTCM. Jérôme Kerviel, the sadly miscast 'Che Guevara of finance', made a similar point when he claimed that the huge SocGen losses revealed on 24 January reflected the over-hasty liquidation of his positions.

⁵⁴ Greenlaw et al, 'Leveraged Losses', p. 32.

have felt obliged to take greater risks with their own resources because of a contraction in their revenues from corporate finance—itself a reflection of low investment in the US economy. They not only sponsor hedge funds but increasingly come to resemble them as they use their position as prime brokers to leverage up their bets and pursue arbitrage.

The Austrian free-market critique of socialism had insisted on the irrationality of 'administered prices', as administrators could never know the host of local possibilities that might unsettle any given set of comparative prices. The practitioners of quantitative finance believed that the Black–Scholes–Merton options valuation model had established a new path to valuation, enabling financial products to be assigned valid prices. The prestige of this device set a precedent for pricing 'over the counter'—direct, institution to institution—sales of derivative products. As MacKenzie explains:

Many of the instruments traded in this market are highly specialized, and sometimes no liquid market, or easily observable market price, exists for them. However, both the vendors of them (most usually investment banks) and at least the more sophisticated purchasers of them can often calculate theoretical prices, and thus have a benchmark 'fair' price.⁵⁵

The theoretical model persuaded the purchasers of CDOs that they had paid the right price, notwithstanding the absence of a market, just as it seemingly reassured the banks that they had no skin in the game.

In 'grey' capitalist conditions, the concepts and techniques of the financial engineers begin to undermine and corrupt the market mechanism. Part of the problem is that these techniques are often used to game less well-informed players, escape tax or promote a constant reshuffling of assets. As the current crisis shows, they can even deceive the deceivers. To some extent the fault lies in the abuse of financial techniques, rather than in the techniques themselves. The finance houses' short-term horizon, their lack of commitment to working collectives, and their susceptibility to insider abuse, are all typical of actually existing capitalism. More broadly, today's institutional investment—'grey capitalism'—has tolerated or spawned financial malpractice often dressed up in the latest jargon of the 'quants' and engineers.

⁵⁵ MacKenzie, 'An Equation and its Worlds', p. 855.

Derivatives and deception

A well-regulated stock exchange is a phenomenal source of information for all market participants. It generates second-by-second data concerning the volume and price of trades, and its settlement system registers the identity of buyers and sellers. The analytic feats of the financial economists were themselves based on such data. Yet the advent of structured finance generated a gigantic volume of direct trades between institutions whose details were only known to the participants. These 'over-the-counter' transactions exceeded stock-exchange transactions by the turn of the millennium, and led the exchanges to skimp on procedure in order to remain competitive. Here we have both the cause of the credit crunch and the ultimate irony of the Western crusade to marketize the globe. A great wave of securitization aimed to turn even the most unpromising cash prospect, or intimate personal ambition, into a tradeable. It succeeded in submerging the world's main capital markets in a deluge of non-performing and unpriced securities. The fog of grey capital descended on the financial districts, shrouding the great banks and clouding the view of investors and regulators alike.

In order to grasp today's capitalism we need financial analysis, but the phenomenon of financialization sucks oxygen from the atmosphere. It privatizes information that should be public, just as it commercializes everyday life and promotes a pattern of 'uncreative destruction' in which enterprises and work teams are continually broken up and re-assembled to take advantage of transient arbitrage gains. In addition to helping financial institutions game their own customers, the techniques of financialization allow big capital—large corporations and wealthy individuals—to escape tax and skim the holdings of small shareholders. Note that most pension funds and charitable endowments, but not US mutual funds, are limited by fiduciary rules from much exposure to hedge funds or exotic derivatives. A further corollary of proliferating financialization is that the regulations governing credit creation were first loosened and then almost entirely ignored. Reckless credit expansion has long been the primrose path to financial crisis and collapse.⁵⁶

⁵⁶ The role of derivatives in generating excess credit and financial failure was well explained by Salih Neftci, 'FX Short Positions, Balance Sheets and Financial Turbulence'. Note however that Neftci holds that, if properly regulated, derivatives would still have a part to play in a healthy financial system.

The post-1972 take-off of financialization coincided with advances in computing capacity and the discovery of new mathematical techniques for valuing options and constructing derivatives. To begin with, these techniques were used mainly to reduce uncertainty and hedge currency risk. But before long it became clear that derivative swaps could be used to bamboozle tax authorities and shareholders. Financial engineering could convert one type of income stream into another, or an asset into income or the other way round—reducing or avoiding tax. Derivatives could also be used to refine the techniques of fund management and strategies for merger and acquisition. The more responsible pension funds avoid hyper-trading programmes and stick with long-term investment strategies. But they do use derivatives to hedge their positions. While several financial products serve no useful purpose, we should not expect a generalized rejection of all options and derivatives. Instead it will be necessary to distinguish, as the IRS already tries to do, between derivative contracts that really do seek to hedge risks and those whose only rationale is to cheat the tax authority and confuse the unwitting shareholder. There are already calls for proper regulation and registration of these instruments and of the ‘shadow banking system’ as a whole. More and better regulation is indeed needed, but will regulation be enough? It is worth recalling that financialization was born in a quite heavily regulated world, with some of its techniques designed to frustrate and defeat the regulators, just as others aimed at releasing ‘value’.

Lessons of the 1930s

The 1920s share bubble, and the bank runs of 1929 and after, prompted a wave of regulation, including the passage of Glass–Steagall in 1933—repealed by Clinton in 1999. For a long period, roughly 1929 to 1972, the scope for financialization was limited, first because of the sharp financial contraction of the Great Depression and then because of the extensive coordination of the Bretton Woods system and postwar economy more generally.⁵⁷

The centrality of banks, and the role of property bonds in the current crisis, bear an eerie resemblance to the onset of the Great Crash. Joseph Schumpeter stressed how the tumbling of property prices in Florida precipitated the collapse of a speculative bubble centred on property

⁵⁷ Gérard Duménil and Dominique Lévy, ‘La Finance capitaliste’, in Suzanne de Brunhoff et al, *La Finance capitaliste*, Paris 2006, pp. 131–80.

bonds. For Schumpeter the stock-market falls were secondary to the impact on the banks, which in turn reflected the bursting of a credit bubble. He pointed out that the 1929 crash exhibited the classic features of the onset of a 'Juglar cycle'. Named for the economic historian Clément Juglar, this cycle began with a devastating financial crisis and credit famine; which then took its dreadful toll on industry and agriculture. Schumpeter was already aware of the particular role of housing investment in economic turbulence: 'Nothing is so likely to produce cumulative depressive processes as such commitments made by a vast number of households to an overhead financed to a considerable extent by commercial banks.'⁸

This time around, speculative financial instruments based on property mortgages have also collapsed—with Florida again an epicentre. Despite many unknowns it is reasonable to suppose that US GDP will stagnate rather than suffer anything like the crushing decline of the 1930s. Nevertheless, the loss in potential output could be large: Greenlaw and his colleagues estimate a conservative 1–1.5 per cent of GDP, as we have seen. So far both politicians and regulators have sought to tackle the crisis by prompting the banks to come up with their own solutions, rather than by devising new instruments of regulation. The Brown government hovered for six months before taking Northern Rock into public ownership. In the United States neither the Fed nor the Treasury have shown a clear determination to expose losses and recapitalize the affected institutions. Even Herbert Hoover established the Reconstruction Finance Corporation, a public agency designed to resuscitate threatened assets, which eventually made a huge contribution to reviving the US economy.

The New Deal response to the crisis also comprised, in addition to Glass-Steagall, the setting up of the Home-Owners Loan Corporation (HOLC) in 1933; the introduction of the Securities and Exchange Commission in 1934, the passage of the Social Security Act in 1935, and the establishment of a Federal National Mortgage Association, now more familiarly known as Fannie Mae, in 1938. While the HOLC was supposed to head off mounting foreclosures, Fannie Mae was designed to secure and subsidize prime residential mortgages. The HOLC bought mortgages in default from the banks and offered the borrowers lower repayment terms. Within

⁸ J. A. Schumpeter, *Business Cycles* [1939], Philadelphia 1982, Vol. 2, pp. 747–8. Schumpeter attempted to explain the severity of the 1929 crash as the conjunction of Juglar, Kitchen and Kondratiev cycles.

two years the HOLC had received 1.9 million applications from distressed homeowners and successfully re-negotiated one million mortgages. It closed in 1951 after the last 1936 mortgage was paid off.⁵⁹

While the HOLC was dealing with subprime borrowers, Fannie Mae made it easier and cheaper for prime borrowers to get a mortgage, using its Federal guarantee and tax-free status to organize a secondary mortgage market that underwrote any residential mortgage up to a certain value. The guarantee and tax exemption enabled Fannie Mae to borrow at cheap rates which were passed on to the individual borrowers. This partial decommodification of the residential mortgage market subsequently proved a great success. In 1968 Fannie Mae was semi-privatized and allowed to raise capital from investors, but kept its Federal guarantee and remained exempt from taxation. These subsidies enabled it to finance the process whereby, over the subsequent forty years, over 50 million householders acquired ownership of their homes. However the semi-privatization can now be seen as a huge mistake, since it allowed the two government-sponsored enterprises to take on inordinate amounts of debt in a bid to promote securitization and boost earnings.⁶⁰ The more general problem here—also seen in the privatization of so many British building societies—is the hostility to even partially decommodified social forms and an infatuation with the corporate model.

III. MELTDOWN

By August 2007 the malaise caused by the collapse of mortgage-backed instruments had spread to the whole CDO section, and it was this that created the 'credit crunch'. The penny now dropped that these amazingly complex financial instruments constituted an important part of the assets of a whole string of financial institutions. Hedge funds had also fancied them, being neither squeamish about their quality, nor quizzical

⁵⁹ Alan Blinder, 'From the New Deal, a Way Out of a Mess', *New York Times*, 24 February 2008. Such an approach is a bailout for the banks who are culpable for mis-selling, and should be made to pay a price—on which more below.

⁶⁰ Ronald Utt, 'Time to Reform Fannie Mae and Freddie Mac', Heritage Foundation, Backgrounder 1861, June 2005. Utt proposed withdrawing the Federal guarantee and tax exemption to allow Fannie and Freddie to 'concentrate . . . on securitizing residential mortgages in free and open competition with the private sector'. See also Manuel Aalbers, 'The Financialization of the Home and Mortgage Crisis', *Competition and Change*, vol. 12, no. 2, June 2008.

cal about structured finance. They knew there was no active market in derivatives, but believed in their model value and in the insurance they carried. In some cases, including those worst hit, the hedge funds were themselves spin-offs from an investment bank, which would extend them credit to make margin calls.

Part of the problem with CDOs is that the salaries paid to bank employees and financial lawyers match a wholesale operation dealing with thousands of mortgages, but not retail inspection of each lowly mortgage.⁶¹ Shortage of deliverable items and practical restrictions on settling CDS contracts, meanwhile, has in some cases led to so-called protocols and cash payments worth less than the hedged amount. In another paper for the Federal Reserve, dated October 2007, Michael Gibson first stressed the benefits of credit derivatives of all types, and then itemized the multiple risks stemming from their complex or intricate sequencing and coordination.⁶²

The collapse of CDO valuations, and the doubts about CDS coverage, reflected mutual distrust among those holding the securities rather than simple incomprehension. The credit crunch was a product of the banks' justified doubts concerning one another, as well as the quality of the underlying assets. The banks knew how to assess the problems of the CDOs, because they had helped package them. Their in-house Finance PhDs had enough information to know—whatever the complexity—just how dubious these assets were, despite their AAA grades. They were aware that fear of contamination would take its toll on securities, including some that, in the fullness of time, might be okay; likewise that the insurance wrappers around these products might disintegrate just when really needed. The credit crunch has taken a toll on all mortgage securities and on the very concept of the CDO and CDS. It will prompt great caution. But it will not wipe out all derivative trades since these are too useful to the financial system, and too widely diffused within it, to be simply abandoned. The nominal total of CDSS is no less than \$48 trillion, or three times the size of US GDP (though many overlap and cancel one another out, making the real total much smaller). CDO issuance over

⁶¹ Satyajit Das, 'How Supposed Risk Hedgers Could Become Risk Creators', *Financial Times*, 6 February 2008. See also Robert Cookson and Gillian Tett, 'Pressure Builds Over CDS Settlements', *Financial Times*, 21 February 2008.

⁶² Michael S. Gibson, 'Credit Derivatives and Risk Management', FEDS Working Paper No. 47, Washington, DC 2007.

the last five years was \$1.6 trillion, while outstanding financial securities total \$10.8 trillion.

The Federal Reserve has offered greater liquidity to the banks but it is very likely that their problem is solvency not liquidity. The paper by Greenlaw and his co-authors explains:

Liquidity injections by the central bank are an invitation to the financial intermediaries to *expand* their balance sheets by borrowing from the central bank for on-lending to other parties. However a leveraged institution suffering a shortage of capital will be unwilling to take up such an invitation. Recognition of this reluctance is the key to understanding the protracted turmoil we have witnessed in the inter-bank market.⁶³

These authors admit that US-style low interest rates help the banks by allowing them to roll over their existing loans at more favourable rates, but they do not lead to new loans.

If the major banks are forced to reduce the book value of their CDOs by 50 cents on the dollar, this will wipe out the equity value of their businesses and make them technically bankrupt. Banks which face this danger include Citigroup, Merrill Lynch, Lehman Brothers and Morgan Stanley, but there are likely to be surprises too. Of course no major bank will be allowed to fail. Instead the authorities will devise rescues, buy-outs and mergers. Rather than the stern treatment meted out to Enron and Worldcom, we shall see 'socialism for bankers' as public money is mobilized to prop up finance houses that are too big to fail. The Bear Stearns rescue was hard on shareholders but not bondholders or counterparties. JP Morgan, the purchaser, is the beneficiary of a Federal Reserve guarantee covering \$29 billion of assets held by Bear. In the weeks following this rescue the Fed lent a broadly similar sum, in confidence, to several other banks, with Level 3 securities as collateral. The main alternative to the injection of public funds would be further input from sovereign wealth funds.

Altogether, at the beginning of 2008, there was as much as \$900 billion in vulnerable CDO bundles including quantities of subprime, Alt A and better debt. These assets do have value but it is difficult to know exactly what this is, because they can only be sold at an absurd discount. Some will make a killing by acquiring undervalued 'distressed assets',

⁶³ Greenlaw et al, 'Leveraged Losses', p. 43.

but how to tell good bets from dead losses? In an attempt to rebalance portfolios some banks have resorted to barter, swapping credit derivatives to achieve a supposedly more advantageous mix.

The losses chalked up by the banks hit their shareholders and some juniors in the stricken sector. Financial stocks have dropped on average by a quarter or more, with some doing much worse. However the senior executives who brought these great losses on their shareholders have still been awarded handsome pay-offs by tame boards of directors. The CEOs of two Wall Street banks left their jobs in 2007 clutching lavish rewards for failure: \$160 million for Stanley O'Neal at Merrill and \$90 million for Charles Prince at Citigroup. At Bear Stearns the rescue left shareholders with \$10 a share compared with \$170 a year earlier. One-third of the bank's shares were held by its employees, many of whom will also lose their jobs. Board members lost heavily on their holdings, but will remain very rich men since during the great CDO bonanza—in which their bank was a lead player—they had earned fees and bonuses of tens, or even hundreds, of millions.

Senior- and medium-level bankers continued to receive lavish compensation despite the dire results. Morgan Stanley announced a \$9.4 billion loss in the last quarter of 2007 but still increased the size of its bonus pool by 18 per cent, arguing that the losses had been concentrated in structured finance and should not blight the rewards of those who continued to be profitable. Employee compensation generally runs at 50 per cent of an investment bank's revenue. In 2007 this rose sharply and in some cases came close to 100 per cent.⁶⁴

The banks' shareholders have undergone severe losses. The largest shareholder in Citigroup is the Saudi investor Prince Alwaleed, whose booming oil assets offset his banking losses. But there are certainly swathes of pension funds and small investors who will feel the pain. They may not have held much in CDOs but, since they have to invest in the whole market in the interests of diversification, they do have stakes in many financial

⁶⁴ Raghuram Rajan, 'Bankers' Pay Is Deeply Flawed', *Financial Times*, 9 January 2008. For CEO and fund manager 'agency problems' see Blackburn, *Age Shock*, pp. 164–5; Michael Useem, *Investor Capitalism*, New York 1996; John Bogle, *The Battle for the Soul of Capitalism*, New Haven 2005; Normi Prins, *Other People's Money*, New York 2004 and Yally Avrahampour, 'Agency, Networks and Professional Rivalry: the Valuation and Investment of UK Pension Funds (1948–2006)', PhD University of Essex, 2007.

corporations. One report claimed that pension funds lost \$110 billion in the first month of 2008 alone.⁶⁵ In 2007 116 funds filed lawsuits against their managers, for losses ranging from 28 to 84 per cent on supposedly safe investments. State Street, with \$2 trillion of pension funds under management, has already put aside \$618 million to cover legal claims.⁶⁶

The most direct victims of the crisis have been two to three million US mortgage holders—or their tenants—who have lost, or will lose, their homes. Younger women, African Americans and other minorities were over-represented. The credit crunch deepens a recession which shrinks wages and the job market, and will make student loans more difficult and expensive to obtain. It is holding up countless municipal improvements—including the building of social housing. In the longer run there may be some benefit, since it has exposed how insurers and ratings agencies combined to overcharge municipalities for their bond insurance. And the crisis afflicts many outside the US, with the highly financialized UK economy already taking a heavy hit.⁶⁷ The looming danger is some mixture of a protracted recession, like Japan in the 1990s, until bank losses are purged from the system, and a wider dislocation like that of the 1997–98 Asian crisis. Because this is a convulsion brought on by ‘Anglo-Saxon’ finance-driven capitalism it will have a character of its own. Japan did not have hollowed-out industries, a negative savings rate, or an infestation of untested, unpriceable structured finance.

Treasury gambits

Henry Paulson has, from the inception of the crisis, put the main emphasis on urging the banks, bond insurers and other financial concerns to come up with their own solutions. But this has had little impact. Thus the super-siv, which he endorsed in September 2007, had to be abandoned in January 2008. On 28 January Hugo Dixon enquired in the *Wall Street Journal*, ‘Is Anybody in Charge?’⁶⁸ Within days Paulson was assuring

⁶⁵ Andrew Sheen, ‘Funds Lose \$110 billion in a Month’, *Global Pensions*, 1 February 2008.

⁶⁶ Vikas Bajaj, ‘State Street Corp is Sued Over Pension Fund Losses’, *New York Times*, 4 January 2008.

⁶⁷ Alex Frangos, ‘Credit Losses Stall Affordable-Housing Projects’, *Wall Street Journal*, 18 March 2008; Julie Creswell and Vikas Bajaj, ‘States and Cities Start Rebelling on Bond Ratings’, *New York Times*, 3 March 2008; Alistair MacDonald and Mark Whitehouse, ‘London Fog: Credit Crunch Pounds UK Economy’, *Wall Street Journal*, 7 February 2008.

⁶⁸ *Wall Street Journal*, 28 January 2008.

Charlie Rose, the TV interviewer, that he was working on a new and comprehensive regulatory template, to cover mortgage origination, securitization, bank asset ratios, off-balance-sheet entities, disclosure and the construction and sale of derivatives. When it was published in March it became clear that he had not abandoned his faith that the financial community should regulate itself—or at least appear to do so. The plan laid some disclosure requirements on the investment banks and hedge funds, but there were to be no regulatory powers. The credit crunch has created emergencies in which the Treasury and Fed have had to intervene, but so far as possible this has been dressed up as self-help and auto-regulation. Hence even the takeover of Bear Stearns by JP Morgan only proceeded, as we have seen, because the Fed assumed \$29 billion of risk from the former, an arrangement cleared with the Treasury Secretary. The fire sale of Bear Stearns dealt harshly with an outriding and unloved bank, which had itself declined to join the rescue of LTCM in 1998. It left unanswered the capital-adequacy doubts that dogged other Wall Street concerns.

The Federal Reserve has cut short-term interest rates sharply, supposedly as a way to stimulate the US economy. But its overriding concern is with the well-being, or even survival, of core financial institutions. The banks are always slow to pass on lower rates to customers.⁶⁹ With banks able to borrow on the flimsiest collateral at 2.25 per cent interest, they continued to charge over 6 per cent for even the most solid mortgage prospect.

That there is much in life beyond the ken of quantitative finance is no revelation, but that its practitioners so badly miscalculated the odds is strange. Thus Matthew Rothman, a Chicago PhD and head of quantitative equity strategies at Lehman Brothers Holdings, declared after a few bad days in August 2007: 'Wednesday is the type of day people will remember in Quant Land for a very long time. Events that models only predicted would happen once in 10,000 years happened every day for three days.'⁷⁰ In fact Benoît Mandelbrot had long been sceptical, while Nassim Nicholas Taleb, himself a trader, warned that quantitative finance has a blind spot when it comes to 'fat tails' and 'black swan events'.⁷¹ Fischer

⁶⁹ Floyd Norris, 'An Effort to Stem Losses at Citigroup Produces a Renewed Focus on Risk', *New York Times*, 16 January 2008.

⁷⁰ Kaja Whitehouse, '"Quant" Expert Sees a Shakeout for the Ages', *Wall Street Journal*, 14 August 2007.

⁷¹ See Nassim Nicholas Taleb, *Fooled by Randomness*, New York 2004, and *The Black Swan*, New York 2007.

Black wrote an article on 'The Holes in Black-Scholes' and another on how to exploit them.⁷² One hole in Black-Scholes is that it assumes a normal distribution and will be wrong-footed by a fat tail. With financial data there is often a problem of a sample size that is not large enough to capture their variance over a significant time period. In a long-term perspective the information available to someone basing themselves on today's financial data is very limited; by excluding the future, it is impossible to estimate whether the tail is fat or not. While Fischer Black knew that time could play havoc with the theorems of finance theory, the general run of quantitative economists naively believe in a simple numerical discount rate which can be used to calculate the net present value of a future stream of income or payments. This flattening process—also brought on by 'mark to market' and 'fair value' accounting—robs the future of its most unsettling characteristics: it is at once unpredictable and carries the past within it.

Financialization encourages households to behave like businesses, businesses to behave like banks, and banks to behave like hedge funds. But what, then, is the fate of the hedge funds? How can we know when they are successful? The relative frequency of 'Taleb distributions' in financial markets makes it very difficult for even expert institutional or individual investors to assess the performance of hedge funds. In such markets there is, in any one year, a high probability of making a good return and a low probability of huge losses. But over twenty years the low probability rises to levels where perhaps one in ten, or even one in five, such funds will be wiped out. The hedge-fund manager is paid 2 per cent of fund value each year and 20 per cent of the annual capital gain. Even managers of funds that are wiped out after twenty years will walk away very rich. The credit crunch has already taken down several famous hedge funds and inspired radical doubts concerning the hedge-fund formula. Martin Wolf cites a study which shows how difficult it is to devise incentives that are truly aligned with the interests of investors:

Obvious possibilities include rewarding managers on the basis of final returns, forcing them to hold a sizeable equity stake, or levying penalties for under-performance. None of these solutions solves the problem of distinguishing luck from skill. The first also encourages managers to take sizeable risks when they are close to the return at which payouts begin. Managers can evade the effects of the second alternative by taking

⁷² Fischer Black, 'The Holes in Black-Scholes', *Risk*, no. 1, March 1988.

positions in derivatives, which may be hard to police. Finally, even under the apparently attractive final alternative it appears that any claw-back contract harsh enough to keep unskilled managers away will also discourage skilled ones.⁷³

There remains the question: when—and to what extent—will the financial crisis become a crisis for the real economy? After six months of financial near-paralysis, the US economy was still growing and the New York Stock Exchange was seemingly in denial. There were signs of a slackening pace but these were aggravated, rather than caused, by the credit crunch. After all it was the housing bust which prompted the crunch, not the other way round. A leitmotif of writing about the US economy in 2001 and after was the low level of domestic investment and the decline in loans made to non-financial concerns by banks. Instead financial institutions lent to, and traded with, one another. Greenlaw, Hatzius and their colleagues have explained how the balance-sheet-levered 'financial accelerator' communicates shocks from one interconnected financial sector to another, intensifying the losses.⁷⁴ For a while, what was left of the real economy could limp along since it was not dependent on financial credit, but what of the 'fat tail' of heavily leveraged corporations? They might only comprise 5 per cent of the total, but their failure could still set off a new round of write-downs. The April 2008 IMF report politely raised the issue of bankruptcy when it stated that its estimate of \$945 billion of losses 'suggests potential added stress on bank capital and further write downs . . . combined with losses to non-bank financial institutions . . . the danger is that there may be further reverberations back to the banking system as the de-leveraging continues'.⁷⁵

IV. TACKLING THE CREDIT CRUNCH

The collapse of the mortgage bubble and the damage it has done to both the financial system and real economy reveal the failure of Anglo-Saxon capitalism with its deregulation, privatization and belief in the alchemy of financialization. While parts of the shadow banking system serve no

⁷³ Martin Wolf, 'Why Today's Hedge Fund Industry May Not Survive', *Financial Times*, 19 March 2008. See also Dean Foster and Peyton Young, 'Hedge Fund Wizards', *The Economists' Voice*, vol. 5, no. 2, 2008, and 'The Hedge Fund Game', Oxford University Economics Department Discussion Paper No. 378, January 2008.

⁷⁴ Greenlaw et al, 'Leveraged Losses'.

⁷⁵ IMF, *Global Stability Report*, p. x.

useful purpose and could simply be suppressed, other functions are potentially useful and could be discharged by a responsible public body. The banks are closing their srvs, but the law which allows them to hide liabilities off-balance sheet remains.

The US and British authorities have both mobilized huge resources to rescue the banks from their own folly, and the bailout may be far from over. For both households and financial concerns, the burden of debt remains, and can bring them down. The banks will need support if they are to 'de-leverage' by reorganizing their business and restoring solvency. The use of public resources to achieve this should carry a price if it is not to encourage a repetition of such behaviour—'moral hazard', as the economists call it. Financial corporations that benefit from public intervention—as did JP Morgan—could also be obliged to issue preferred stock to a public holding fund. In the US this might be the state-level Social Security trust fund network. Alternatively a new social fund regional network could be established in this way. Since all have benefited from the low interest rates, all could be required to contribute. The power to impose a capital levy could also be deployed to prevent new bubbles. If the proceeds were redistributed from those who spend their dividends to a future-oriented fund that re-invested its income, it would help to contain inflationary pressures.'

Another area that requires reform is accountancy, dominated by just four large companies, and accounting standards, where the 'mark-to-market' approach has been 'pro-cyclical'—encouraging the boom-bust cycle. A public audit agency, and a diversified set of accounting standards, could tackle the problems of an industry where auditors are too often in cahoots with the auditee.⁷⁶ There is likewise a case for only allowing expert publicly owned bodies to function as hedge funds, and converting 'private equity' into 'public equity' concerns. Another model that might be considered is the Reconstruction Finance Corporation, a public body that operated in the years 1932 to 1946. It invested a total of some \$39.5 billion—in contemporary terms nearly \$4 trillion—to combat recession and, after 1940, to organize war production. It created a swathe of new productive facilities, acquiring an equity stake in return. This enterprise was hastily liquidated in 1946 because it had succeeded too well. It was

⁷⁶ I have more on these approaches in *Age Shock*, pp. 285–92.

portrayed as an un-American institution and several of its best managers were hounded as Soviet spies.⁷⁷

A further example of a bailout mechanism is the Resolution Trust Corporation set up by the US Congress in 1989. This body used Federal money to rescue the stricken Savings and Loan concerns. The RTC assumed ownership of all assets, selling these off once the market had recovered. In this way the RTC accomplished a huge Federal injection of funds but was eventually self-liquidating—the RTC worked, but its successes became an opaque way of subsidizing the banking sector.⁷⁸ It would have been better if both RFC and RTC had remained as public bodies helping to diversify the economic landscape and maintain levels of investment and security. Recapitalization expenditures should be seen as part of the capital budget, not as current expenditures.

Jean-Charles Rochet points to the success of the Norwegian approach to its banking crisis in 1988–92. Three of the country's largest banks were taken into public ownership and their shareholders expropriated. The banks were so successfully rehabilitated that when they were eventually sold back to the private sector the government made a significant profit.⁷⁹ At least some of this was channelled to the country's two public pension funds, one of which is dedicated to investment in the local economy.

More generally, the old Anglo-American formula of the National Debt is inappropriate in a world beset not by individual 'risk' but by large-scale 'common shocks' like climate change, ageing and market turmoil, as has been recognized even by some of the most conservative and cautious states as they build up 'future funds' and sovereign wealth funds. The incoming Labour government in Australia has announced that it will continue to build the country's 'future fund'. Norway, Singapore, South Korea and China are other examples. The Norwegian finance minister insists that his country's government pension fund, with assets of \$350 billion, pursues an 'ethical' agenda and a 'high degree of transparency in all aspects of its operation'. It has 'long-term investment horizons',

⁷⁷ James Olson, *Saving Capitalism: the Reconstruction Finance Corporation and the New Deal, 1933–1940*, Princeton 1988.

⁷⁸ Joseph Stiglitz and Bruce Greenwald, *Towards a New Paradigm in Monetary Economics*, Cambridge 2003.

⁷⁹ Rochet, *Why Are There So Many Banking Crises?*, pp. 29–30.

avoids 'leverage' and adds liquidity to the market. The fund rigorously eschews 'political posturing or politicized investment decisions':

We promote the ethical foundation by exercising ownership rights and excluding companies from the fund. In cases where it is possible to encourage a company to put in place systems that reduce the risk of ethical infringements, the use of ownership rights is the preferred option.⁸⁰

Nowadays many public-sector and social funds prefer 'engagement'—putting down motions at AGMs on such issues as dangerous industrial processes, denial of worker rights and exorbitant executive pay—rather than simply boycotting the stock. One should be careful not to exaggerate what is achievable by such means, still less pose them as an alternative to popular campaigns, legislation and trade-union action. This is still state capitalism, and is usually far removed from real accountability. But in the shifting and treacherous sands of financialized capital markets, the sovereign wealth funds have been a factor of stability. Given this potential there is every reason to argue that they should be financed by regular capital levies, with the added advantage that such levies can, as Schumpeter pointed out, counteract bubble economics.⁸¹

The national scale of regulation that emerged in the 1930s, and was globally coordinated by the Bretton Woods system, now needs to be revised and extended at international level. Indeed Keynes and Dexter White always meant the IMF and World Bank to have greater powers—for example to prevent one country from running a lengthy period of surpluses. In the context of the current crisis these institutions, each with a new head, will certainly try to get in on the act. The clauses of Basel II that allow banks to use their own valuation models need to be struck down.

⁸⁰ Kristin Halvorsen, 'Norway's Sovereign Fund Sets an Ethical Example', *Financial Times*, 15 February 2008.

⁸¹ In the early postwar period the Japanese finance ministry successfully adopted Schumpeter's capital levy to soak up war profits and contain inflation. See Barry Eichengreen, 'The Capital Levy in Theory and Practice', in Rudiger Dornbusch and Mario Draghi, eds, *Public Debt Management: Theory and History*, Cambridge 1990, pp. 191–220. In *Age Shock* (pp. 263–310) I argue that the best contemporary form of the capital levy is a milder version, based on the ideas of Rudolf Meidner, which requires all corporations to donate shares each year to a network of regional social funds. See also Blackburn, 'A Global Pension Plan', *NLR* 47, Sept–Oct 2007.

John Eatwell and Lance Taylor have for some time been urging the case for a 'World Financial Authority'.⁸² Their warning that the international financial system was likely to be dangerously volatile has been borne out by events. In associated work Jane D'Arista has urged the case for what she calls a 'macro-prudential framework', which would insure pension deposits rather than financial institutions.⁸³ Elsewhere she has written of the need for a new reserve system which takes account of the spread of financial functions and insists on appropriate reserves being held by all entities that undertake them. D'Arista argues, in terms that might apply to any central bank or to an international authority:

Creating a reserve system that extends the Fed's influence over the financial system as a whole requires that reserves be issued to and held by financial institutions as liabilities to the central bank. Shifting reserves to the liability side of financial institutions' balance sheets would permit the monetary authority to create or extinguish reserves for both bank and non-bank financial firms.⁸⁴

Joseph Stiglitz has also identified critical weaknesses of the current global financial regime.⁸⁵ The time has come to re-examine the helpful checklist of proposals made by Walden Bello and others following the Asian crisis of 1997–98.⁸⁶ It is now widely recognized that offshore financial centres allow wealthy corporations and individuals to make a mockery of taxation and national regulation. The German government's demand to obtain disclosure from Liechtenstein signals a new approach.

⁸² John Eatwell and Lance Taylor, *Global Finance at Risk: The Case for International Regulation*, New York 2000. See also the contributions to Eatwell and Taylor, eds, *International Capital Markets*.

⁸³ Jane D'Arista, 'Including Pension Funds in the Macro-Prudential Framework', presented at Center for Economic Policy Analysis conference, 10–11 September 2004, New School for Social Research, New York.

⁸⁴ D'Arista, 'Broken Systems', p. 14. See also D'Arista, 'Rebuilding the Transmission System for Monetary Policy', Financial Markets Center report, Howardsville, VA, November 2002.

⁸⁵ Joseph Stiglitz, *Globalization and its Discontents*, New York 2002, and *The Roaring Nineties*, New York 2003; Stiglitz and Greenwald, *Towards a New Paradigm in Monetary Economics*.

⁸⁶ Walden Bello, Nicola Bullard and Kamal Malhotra, eds, *Global Finance: New Thinking on Regulating Speculative Capital Markets*, New York 2000. Arguments for capital controls and a financial transaction tax made a few years back are now heard again. see Dani Rodrik and Arvind Subramanian, 'Why We Need to Curb Global Flows of Capital', *Financial Times*, 26 February 2008.

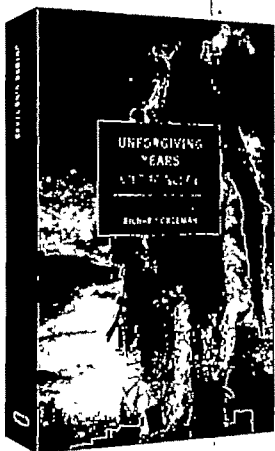
The broader concern must be to embed financial institutions also at the level of states and regions.

The solution to the huge problems outlined above is not to abandon money or finance but to embed them in a properly regulated system; to progressively transform the very nature of the corporations and banks in terms of both ownership and functioning; and to create a global network of social funds, financed in the way envisaged by Meidner, and a global system of financial regulation. The 'shadow' banking system must be brought under control and new principles observed by all those who offer derivatives for sale. The latter are a product of human ingenuity and should not be feared as an alien force. But their workings do need to be rendered visible and responsible. George Soros calls for 'a clearing house or exchange with a sound capital structure and strict margin requirements to which all existing and future contracts would have to be submitted.'⁸⁷ Perhaps a global network of publicly owned Derivatives Boards should be established with a monopoly on derivatives trading.

The actual and potential costs of the credit crunch are already huge, but they must be seen as part of a wider distemper of financialized capitalism, with its yawning inequalities, stagnant wages and loss of social protection. Global imbalances make China, Japan and Germany the world's leading exporters of capital, as the world's poor struggle to deal with rising food and energy prices. This is shaping up to be the worst crisis to hit global capitalism since the interwar years. The prestige of capitalist institutions has already suffered a damaging blow and will suffer further as the crisis hurts those in the real economy. But only practical, radical and transformative actions to tackle the wrenching consequences of the crisis can ward off stiff doses of capitalist medicine, which for many will be worse than the financialized malady they will be designed to cure.

⁸⁷ George Soros, 'The False Belief at the Heart of the Financial Turmoil', *Financial Times*, 3 April 2008.

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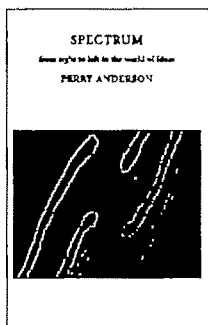
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LIU SHIH-DIING

CASINO COLONY

ON THE SWEETERING afternoon of May Day, 2007, a rare mass protest of construction workers, local civil servants and others took place in the streets of Macau.* Thousands of demonstrators took to the streets with banners bearing a range of slogans—against corruption, for housing rights and better livelihoods, against the influx of illegal labour—and chanting calls for the resignation of Macau's chief executive, Edmund Ho Hau-Wah. The march was organized by a coalition of six small labour unions but was joined along the way by many sympathetic bystanders. At the junction of Avenida do Coronel Mesquita and Avenida de Almeida Ribeiro, in the heart of the old Portuguese colonial city, an altercation with the police over the protest's route turned into a series of scuffles, and one citizen was seriously wounded as a policeman fired five gunshots.¹

The protests were evidence of the social tensions caused by the dramatic economic growth in Macau, which—paradoxically—has been increasingly integrated into the circuits of global capital since its sovereignty was returned to mainland China in 1999. Foreign investment has poured in, the vast majority from overseas casino operators who have driven a phenomenal expansion of the territory's gambling sector. Macau is the only part of the PRC where gambling is legal and, in a stark demonstration of the 'one country, two systems' principle, the Chinese authorities have since 2001 enthusiastically opened the region up to casino entrepreneurs from the US. Macau now has almost as many casinos as Las Vegas, and recently overtook it in terms of revenue.² The casino boom has had a far-reaching impact on the territory's landscape, social fabric, economic life and everyday culture—transforming it from colonial outpost to what

Las Vegas casino entrepreneur Steve Wynn breathlessly called 'the most dramatically changing place on the planet'.³

Located at the mouth of the Pearl River Delta, 20 miles west of Hong Kong, and bordered to the north by Guangdong province, the territory comprises the Macau peninsula and the islands of Taipa and Coloane—linked to the mainland by three road bridges, each over a mile in length. The historic Portuguese centre of the enclave retains a Lusitanian flavour—cobblestone streets, colonnaded squares, pastel yellow and green churches and houses—combined with Chinese monuments: the A-Ma temple, carved stone gateways. But much of its picturesque colonial architecture has now been submerged beneath a wave of high-rise construction, as luxury hotels, apartment buildings, entertainment complexes and mega-malls have mushroomed across the landscape, blocking out such landmarks as the 19th-century lighthouse on Guia Hill. Relentless reclamation projects have expanded the quantity of land ripe for development: the sea inlet that formerly separated Taipa and Coloane is now a stretch of dry land called the Cotai Strip, expressly modelled on Las Vegas's main thoroughfare, where 20,000 hotel rooms are currently at some stage of construction.

As the May Day protests indicate, however, the benefits of growth have been shared far from equally among Macau's 540,000 residents.⁴ A new wave of radicalization appears to be taking place among local workers

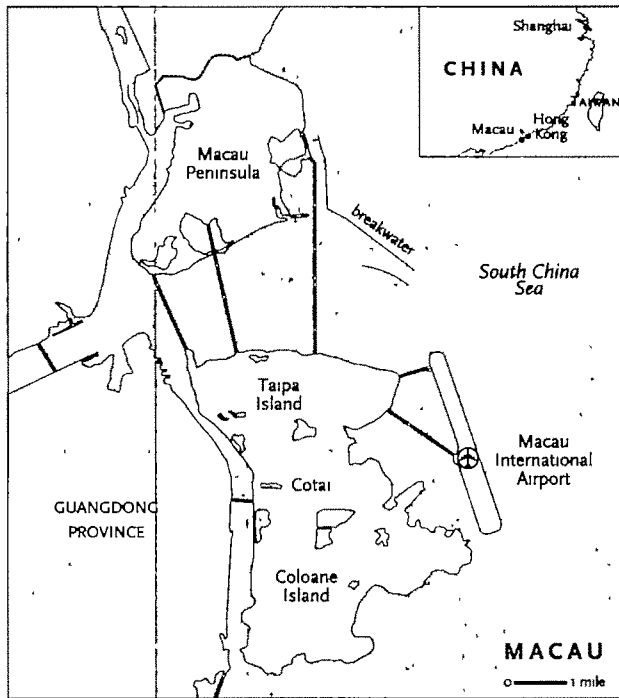
* This is a revised version of an article originally published as 'Macau's Neo-colonialism' in the Taiwanese journal *Si-xiang [Reflexion]*, 7, November 2007. I am very grateful to Wang Chaohua and Chien Yung-xiang for their help with various aspects of this essay

¹ The next day, the pro-Beijing *Macau Daily* sought to downplay the police violence, instead condemning the rally for 'disrupting Macau's economy, social order and image'. Business and cultural organizations also berated the protesters for seeking to 'create turbulence', and to 'divide government and people'.

² Macau earned nearly \$7 billion over the course of 2006, by 2007, gaming taxes accounted for 71 per cent of total local government receipts. See 'Government rakes in record 28.5 billion patacas in gaming taxes', *Macau Post Daily*, 18 January 2008; 'Macau surpasses Las Vegas in earnings', *China Daily*, 18 November 2006

³ 'Macau's gaming win swells', *Las Vegas Review-Journal*, 24 January 2007.

⁴ According to a recent estimate, the population of Macau is 96 per cent Chinese, with Filipinos the second-largest community at nearly 2 per cent (10,000 people). There are also around 8,000 Macanese—Macau-born descendants of inter-racial marriages between Portuguese, Chinese or native inhabitants of Portuguese colonies in South and Southeast Asia—and 1,800 Portuguese. *Macau Post Daily*, 12 February 2008



who feel betrayed by the economic liberalization process, a spontaneous movement for the protection of social rights that reveals some of the structural tensions of China's re-orientation to the world capitalist market. Decolonization has taken place alongside capitalist expansion, propelled by domestic elites and sanctioned by Beijing's pro-market turn. In this respect, Fanon and Memmi's diagnosis of African neo-colonization following independence remains remarkably relevant for an understanding of Macau's post-colonial formation: old and new, internal and external forces are in play.⁵ Uniquely, however, in the transformation of Macau since its handover to China, three overlapping historical processes have been at work: the tangled legacy of Cold War and colonialism in East Asia; the explosive growth of a global leisure sector, fuelled by deregulated capital flows, bringing radical new social inequalities in its wake; and the deep-seated contradictions of China's modernization project. The result has been a post-colonial arrangement marked by

⁵ Frantz Fanon, *The Wretched of the Earth*, New York 2004, Albert Memmi, *Decolonization and the Decolonized*, Minneapolis 2006.

many of the problems besetting the PRC's dynamic development, but also by specifically Macanese constraints and conditions.

Imperial beginnings

Gambling has, of course, been Macau's most important source of income for the past two centuries. After Portuguese traders were granted the right to permanent settlement in the peninsula in 1557, paying ground rent to local representatives of the Chinese Emperor, it had initially operated as a more general trading centre—a hub for European activities in Asia, and intermediary for Chinese trade with Japan. The forcible opening of China's ports to British mercantile interests after the Opium War, and the 1842 cession of Hong Kong by the Qing, meant that Macau was no longer the exclusive entrepôt in the region. With Portugal's imperial power declining under the new world-market conditions, Macau's traders turned to gambling, slavery and opium to generate profits.⁶ The 'coolie trade' of the late 19th century exported thousands of slaves annually to the New World, and lucrative opium processing was farmed out to Chinese syndicates; prostitution was run by Macau's triads, within a colonial regulatory code. The Portuguese governor issued the first gambling licence in 1847. Portugal's grip was strengthened with the signing of the 1887 Treaty of Friendship and Commerce, which recognized its sovereignty over the enclave.⁷ Under colonial rule, Macau's political system was tightly controlled by Lisbon, which determined all major decisions and policies; all high-ranking government posts were occupied by Portuguese, and the participation of Chinese citizens was extremely limited. The character of rule continued unchanged during World War Two, when Portugal's neutral status allowed for a 'friendly' Japanese presence, and after the proclamation of the People's Republic of China in 1949, when the territory became the locus of intense rivalry between Communists and Guomindang.

The situation was only decisively altered by the anti-colonial upsurge of 1966, commonly known as the 12-3 Incident. When the Macau police violently suppressed a pro-Beijing neighbourhood organization

⁶ Geoffrey C. Gunn, *Encountering Macau: A Portuguese City-State on the Periphery of China, 1557-1999*, Boulder, CO 1996.

⁷ The treaty was extended by the Guomindang government in 1928.

seeking to build a school on Taipa Island, protests erupted in Chinese communities—led by Communists, energized at least in part by the Cultural Revolution on the mainland. On 3 December further police repression sparked a riot in which demonstrators angrily smashed colonial statues, stormed the City Hall and destroyed government documents. The colonial authorities called in troops; eight were killed and hundreds wounded in the crackdown. Under increasing pressure from both the local Chinese population and the government on the mainland, the Portuguese governor backed down and issued a formal apology.

The political scene was transformed radically as a result: the PRC's allies in the colony were massively bolstered, and all pro-Guomindang bodies were officially closed.⁸ Pro-Beijing groups, including business organizations and unions, formed a broad-based, cross-class alliance which came to control the terrain of civil society.⁹ This CCP-backed establishment, voicing a national-developmental rhetoric, garnered a certain legitimacy in the decolonization sequence as a counterweight to colonial rule, characterized by bureaucratism, corruption and lack of accountability, with the governor—appointed by the president of Portugal—given a free hand to administer Macau yet subject to no sanction from the population.

Following the overthrow of Caetano in 1974, Lisbon moved to grant limited political freedoms in Macau, setting up a tame, largely appointed Legislative Assembly in 1976. While the new dispensation seemed to offer more political autonomy to the territory, in practice it signified the incorporation of a handful of elite Chinese into the colonial regime.¹⁰ Beijing for its part now downplayed its claim to sovereignty over Macau, keen to use the territory as a point of contact with the outside world, and to ally itself with the US against the 'revisionist' Soviet Union. It now did 'its utmost to get Macau and Hong Kong taken off the UN list of colonies yet to attain self-determination, a necessary precondition for future

⁸ See Wu Zhiliang, *Macau's History of Political Development*, Shanghai 1999; Tan Zhiqiang, *Macau's Sovereignty 1553–93*, Taipei 1994. For the influence of mainland China's Cultural Revolution on the insurgency, see the *Macau Daily* publication *Opposing the Sanguinary Atrocities Perpetrated by the Portuguese Imperialists in Macau*, Macau 1967.

⁹ Lo Shenghua, *Study of Macau's Associations in the Transitional Era*, Taishan 2004.

¹⁰ Lo Shiu-hing, 'Aspects of Political Development in Macau', *China Quarterly*, no. 120, 1989, p. 849.

political moves to regain the last remaining Chinese territories under foreign administration'.¹¹

The mid-1970s saw a Sino-Portuguese diplomatic reconciliation and, reportedly, tacit agreement that Macau was under Chinese sovereignty but Portuguese administration. This understanding paved the way for the 1987 Sino-Portuguese Joint Declaration, which agreed that sovereignty would be transferred to the PRC in 1999. The effect of this rapprochement was to make local Chinese groups less combative, and more co-operative with the colonial authorities. A further, longer-term cost was a profound depoliticization, reducing citizen participation: not only were internal dissenters and democratic discussions impermissible within pro-Beijing groups, but all serious attempts to reflect on colonialism and capitalism were quashed in the name of security and stability. In that sense, the national identity propagated by these groups degenerated into empty slogans, a shell serving simply to advance the interests of the elites.

Transitions

In the 1970s and 80s Macau benefited briefly from the development of labour-intensive export-oriented manufacturing. Preferential US tariffs and cheap labour attracted Hong Kong entrepreneurs to the peninsula, and by 1984 manufacturing accounted for 36 per cent of GDP. But the tide now turned, as China opened up to foreign capital, resulting in a deep restructuring of the region's economies. Macau was soon undercut by lower-cost rivals. Factories shifted to the Pearl River Delta and Southeast Asia, where the cost of labour was much lower. In Macau, large numbers of workers were forced into increasingly precarious employment, and the weight of the gambling sector increased once more.

The first monopoly rights over gambling activities were granted to the Tai Heng company in 1937, but the sector was only fully industrialized after 1962, when the monopoly was taken over by the Sociedade de Turismo e Diversões de Macau (STDM), jointly operated by Hong Kong and Macau businessmen, and headed by the magnate Stanley Ho Hung-Sun, later known as the 'casino king'. STDM opened the flagship casino-hotel

¹¹ Cited in Gunn, *Encountering Macau*, p. 157. On Beijing's Macau strategy, see Yang Tianze et al., *Macau* 1999, Beijing 1998, pp. 153–80.

Lisboa, introduced Western-style games and constructed fleets of high-speed jetfoils which brought millions of gamblers and tourists from Hong Kong to Macau each year. STDM rapidly grew into Macau's biggest private enterprise, with its gambling-tax payment making up about half of the government's annual budget by the early 1990s, representing one-third of Macau's GDP.¹² Though STDM's licence ended in 1986, it was extended to 2001 by the Portuguese authorities—without the approval of either local notables or Beijing, causing fury among both.

By the late 1990s, the dominance of the city's economy by STDM had become a significant source of disaffection with the outgoing colonial government. For many, Stanley Ho's casinos embodied rampant corruption and the authorities' failure to tackle organized crime. Scores of murders and arson attacks took place on the fringes of the gambling industry, and STDM's casinos were 'surrounded by loan sharks, gaming-chip traders, hangers-on and other parasitic elements' whose cut-throat competition frequently resulted in gangland violence.¹³ In a 1998 survey, 60 per cent of respondents felt that the deteriorating social order was the most serious problem of the time. A sharp fall in investment in the wake of the Asian Financial Crisis brought a severe recession, fuelling further public resentment towards the decrepit colonial order. There was thus a general sense of hope about the prospect of rejoining China, with many seeing the 1999 handover as an opportunity to end the enclave's economic stagnation. Macau's return to the motherland, unlike Hong Kong's, was generally welcomed, in the belief that Beijing would assist in the enclave's 'modernization'.

The chief executive appointed by Beijing in December 1999, Edmund Ho Hau-Wah, benefited from extensive local political connections: his father, Ho Yin, had been a wealthy businessman and banker widely regarded as the 'unofficial' governor of Macau. Founder of Tai Fung Bank, Ho Yin had also played a lead role in the 1966 protests against the colonial government. On entering office, Edmund Ho consolidated his legitimacy by promoting more local ethnic Chinese to government posts and, working closely with mainland public security organs,

¹² Huang Qichen and Zheng Weiming, *Four Hundred Years of the Macau Economy*, Macau 1994.

¹³ 'Casinos battle to shed sleazy image', *South China Morning Post*, 20 December 2000.

clamped down on organized crime and gang activity. The presence of the People's Liberation Army was also instrumental in enforcing the new 'stability'.

Ho's popular appeal was based on the notion of 'Macau people governing Macau' (*aoren zhi ao*), but the political set-up was as undemocratic as its colonial predecessor. Like the governor under colonial rule, the chief executive was vested with strong powers—to repeal bills, dissolve the Assembly and set the legislative agenda—and was responsible only to Beijing. His nomination was approved by a pro-Beijing committee made up of business leaders, trade unions and other docile groups. This 'small-clique election' (*xiao quanzi xuanju*) ensured that pro-government forces controlled the political arena, clearing the way for the establishment to embark on market reforms without resistance from the legislature.⁴

Ho's economic policy has focused on creating conditions favourable for foreign investment. Tax cuts and generous business loans helped to pull in billions of dollars of foreign capital, stimulating record growth rates—29 per cent in 2004. Ho wanted to make the enclave a hub for trade and financial activity between the PRC and Portuguese-speaking markets in Africa and Latin America, and to forge closer tourism and trade links with the mainland. Some 10 million Chinese tourists have visited Macau over the past four years. Thanks to rising employment and a significant improvement in law and order, Ho's administration enjoyed immense popularity: a 2004 opinion poll showed approval ratings of 70 per cent.

The most pressing question on the public agenda since the handover, however, was liberalization of the gambling sector. Here Ho's administration successfully manipulated popular animosity towards STDm to present liberalization and overseas investment as a panacea: foreign casino operators would help modernize casino management, improve the quality of the gambling sector, restore law and order, diversify the economy, create more jobs and increase government revenues from gambling taxes. Macau's old-fashioned, sleazy gaming parlours would be transformed into state-of-the-art attractions, leading to a tourism boom

⁴ Bill K. P. Chou, 'Interest Group Politics in Macau after Handover', *Journal of Contemporary China*, vol. 4, no. 43, 2005; *Macau Monthly*, no. 127, April 2007; Yang Yunzhong, 'Legislation and Legislature', *Journal of Macau Studies*, no. 37, 2006.

that would make Macau an international metropolis able to compete in the world market.

Though some concerns were voiced about possible security problems resulting from such drastic changes to the casino industry, few went so far as to oppose Ho's liberalization project. With unanimous support from his political circle, he moved to secure Beijing's backing for his unabashedly neoliberal casino-restructuring measures. On the anniversary of the handover in December 2000, Ho presented his case to President Jiang Zemin and Prime Minister Zhu Rongji, who agreed—and reassured him that mainland Chinese companies would be barred from entering Macau's gambling market. The Chinese government's approval was the critical hurdle to be cleared before international capital could be allowed to operate in the territory. In July 2001, the Macau legislature passed a licensing bill that broke up the monopoly franchise. Bidding for three operating licences was opened, drawing tenders from twenty-one companies from the US, Australia, Hong Kong, Malaysia, Britain and Taiwan. On 8 February 2002, STDM's monopoly formally ended as the government announced the winners: Wynn Resort, owned by Las Vegas gambling tycoon Steve Wynn; Galaxy Casino, part-owned by American casino mogul Sheldon Adelson and Hong Kong property magnate Lui Chi Woo; and Stanley Ho's Sociedade de Jogos de Macau (SJM). The licences were granted for a maximum of up to 25 years, and did not specify how many casinos each concessionaire could run. This new liberalized configuration of the gambling sector opened the way to a radical transformation of Macau, and its effective recolonization by casino capitalists.

Las Vegas in China

'Never have so many recognizable brands assembled in one place at one time to create a new international tourism destination almost overnight', boasted Las Vegas Sands president Bill Weidner.¹⁵ Ever since Sheldon Adelson's 1-million-square-foot, \$240-million casino Sands Macau—the first casino in the enclave not to be owned by Stanley Ho, and the first American gambling venture in China—began its operation in May 2004, Macau's urban landscape, social fabric, employment

¹⁵ 'Hotel chains gamble on Macau', *Las Vegas Review-Journal*, 18 March 2005.

conditions, corporate structure and everyday culture have been drastically remade. Mega-casinos and hotel towers have sprung up across the Macau peninsula, Taipa and Coloane, and Hong Kong property-development firms, real-estate agencies and dealers have flooded in to speculate in its property market. With the American casinos have come the attendant market-oriented entrepreneur culture and consumerism, which have thoroughly penetrated all spheres of social life, and subsumed Macau's citizen-subjects into the cultural and ideological functions of the market.

The opening of Macau is seen as 'the most significant event for the Las Vegas operators in 25 years because of the size of the potential market'.¹⁶ Adelson announced that 'this is the beginning of a new era, not only for Macau but also for the whole Asia-Pacific region', remarking that his vision for the future was to 'transform Macau into Asia's Las Vegas'.¹⁷ The Venetian Macau, Adelson's second massive casino and hotel-resort complex, opened in August 2007 and is strikingly similar in style to his Venetian resort in Las Vegas. Built on the reclaimed land of the Cotai Strip for \$20 billion, the resort includes gondolas floating past replicas of St Mark's Square and the Campanile, and piazzas lined with boutique shops. 'Where does Glamour meet Romance?' asks the hotel website; 'Where does Indulgence meet Excitement? Where do Thrills meet Luxury?' Steve Wynn, for his part, claimed Walt Disney as one of his major inspirations, telling reporters that he 'became fascinated by the possibility of creating an entire fantasy land or an alternative reality', in 'a small corner in a foreign field that will be forever Las Vegas'.¹⁸

In response to the challenge, Stanley Ho's casino consortium is gradually adopting a more American-style approach to its operations. In December 2007, he opened Fisherman's Wharf, Macau's first theme park, which occupies the shoreline between the ferry pier and the Sands casino. Along with an artificial volcano, it has buildings in a bewildering

¹⁶ 'A pair of Strip megadeals lead the year in Las Vegas business', *Las Vegas Review-Journal*, 28 December 2004.

¹⁷ 'Stanley Ho steals competitor's limelight', *South China Morning Post*, 19 May 2004, 'Macau constructs "Adult Disney World"', *Sing Tao*, 5 April 2006.

¹⁸ 'Glittering prize', *Hong Kong Mail*, 9 February 2002, 'Las Vegas coming to Macau', *South China Morning Post*, 9 February 2002, 'Las Vegas legend promises to take enclave by storm', *South China Morning Post*, 9 February 2002.

array of styles: a Roman amphitheatre, Dutch-style brick houses, a Babylon-themed casino, an African village and a Tang dynasty shopping mall. But despite Ho's struggle to develop a number of non-gambling attractions, his casino empire is breaking up at an accelerated rate under pressure from his US rivals: since the opening of the Sands and Wynn Resorts, SJM's market share had been decreasing sharply. Some anticipate a further shrinkage to 25 per cent in 2009, from its 60 per cent peak in 2006.¹⁹ In 2007 the Venetian's gross receipts slightly exceeded those of SJM—'the first time that Mr. Ho's company lost its number-one spot among Macau's casino operators'.²⁰

The scale and speed of Macau's casino expansion has been remarkable. By the end of 2007, the territory contained 4,375 gaming tables—half as many again as the year before—and 13,277 slot machines, twice the number in 2006. The amount collected in gambling taxes almost doubled between 2004 and 2006. As a proportion of government receipts, direct gaming taxes rose to 71 per cent by 2007.²¹ Such dizzying success led to confident predictions from the likes of Adelson, who assured journalists that 'Macau's gaming market would generate enough growth to ensure sufficient business for all casino operators', and that 'there would be as many as ten "Las Vegas" in Asia'.²²

The market expansion has been greatly assisted by the terms of the three gaming concessions, which, firstly, allow holders to split 'sub-licences' off the primary licences—a situation that corresponds with market fundamentalists' claims that 'the worst thing Macau can do is continue to limit the number of license holders'. An open-ended casino market, said one enthusiast, will 'spur creative entrepreneurship . . . and the resulting spectacle will be Macau's only chance to make itself the global gambling destination officials want'.²³ The entry of the three casino operators in 2002, with fulsome support from the Ho administration, was in that

¹⁹ Tan Haoguang, 'Morgan Stanley downplays SJM', *Xin Bao*, 21 February 2007.

²⁰ 'SJM holds 40 per cent market share in 2007', *Macau Post Daily*, 7 January 2008.

²¹ 'Government rakes in record 28.5 billion patacas in gaming taxes', *Macau Post Daily*, 18 January 2008.

²² *South China Morning Post*, 19 May 2004; 'Casino boom may roll across Asia', *Shanghai Daily*, 25 August 2006.

²³ 'The scramble to gamble', *The Standard*, 24 December 2004.

sense the thin end of a rapidly widening wedge of operators. By the end of the year, Adelson had quietly split off from Lui Chi Woo's Galaxy Casino consortium as a 'sub-licensee'. In 2004, US entertainment consortium MGM secured a \$1 billion joint venture with Stanley Ho's daughter Pansy to open a grand casino-resort in the Macau Peninsula, and shortly thereafter Wynn Resorts sold a subconcession for \$900 million to casino operator PBL, controlled by Australia's richest man, Kerry Packer—who in turn set up a joint venture with Melco, run by Stanley Ho's son Lawrence. A second significant feature of the licences is that they place no limit on the number of casinos each concessionaire (or sub-concessionaire) can run; the operators 'now negotiate directly with the government on land acquisition for future casino projects', and the city administration has been only too glad to oblige.²⁴

The casino-construction boom has been a fertile breeding ground for corruption. The most common form is in the allocation of land, granted to developers through closed-door negotiations with the government. Macau's land policy requires plots to be granted for limited periods through public tender, but all but two of the 300 plots bought since 1999 have been sold privately—with the approval of the Chief Executive, who has argued that 'prices may be pushed too high during bidding' if land were to be sold in open auctions.²⁵ Property developers and casino operators have, of course, been the beneficiaries of these transactions: though there is a long queue for public housing in the populous northern district, one of the Ho administration's first moves was to suspend all public-housing construction projects. Instead, government largesse has been lavished on gambling concessions, which have been charged land premiums far below the market rate. In 2005, for example, a site on the Cotai Strip, originally zoned for use by a university, was rezoned for a casino project at a low premium. Another controversy was raised in March 2006, after the municipality granted a massive plot of land to a company, but a month later the company sold 80 per cent of the land to another group for more than nine times the original amount. Despite the regime's pledge to combat corruption, many believe that the scandal surrounding Edmund Ho's close aide, the Secretary of Transport and Public

²⁴ 'Melco shares soar 26 per cent on casino rights deal', *The Standard*, 11 March 2006.

²⁵ 'Prompt action sought to cool Macau market', *South China Morning Post*, 23 November 2005.

Works, Ao Man-Long—responsible for several controversial projects including overspending by 4 billion patacas (\$500 million) on facilities for the East Asian Games in 2005—is just the tip of the iceberg.²⁶

Social upheavals

At the 2004 celebrations for the fifth anniversary of Macau's handover, Chinese President Hu Jintao openly praised Macau as a model of reunification. But the high economic growth rates obscure a series of structural dislocations that have fuelled resentment among the public. The gambling expansion has brought about not only rampant corruption, but also a widening gap between rich and poor. Macau's Gini coefficient has risen from 0.43 in 1998–99 to an estimated 0.48 in 2006. Income distribution is drastically skewed, with the highest 20 per cent of households earning half of all income. Although in 2006 Macau's GDP per capita surpassed that of Hong Kong, around 70 per cent of the territory's employed population falls below the average income.²⁷ Tycoons such as Sheldon Adelson have benefited most handsomely: *Forbes* magazine in 2006 listed him as the sixth-richest person in the world, with a personal fortune estimated at \$20 billion in 2007—up from holdings of \$3 billion in 2004, when his Sands Macau began operating.

The liberalization of the gambling sector has produced a hugely expanded demand for labour, leaving local businesses, small shops and restaurants short, and facing rapidly rising rents amid the property boom. Local teenagers and students have dropped their studies, lured by the generous starting-pay packages for croupiers. More than 45,000 people—including 17,293 croupiers—out of Macau's total workforce of around 300,000 are now directly employed by casinos, up 50 per cent from last year. With entertainment and related services also included, the proportion rises to 36 per cent, plus 13 per cent in construction.²⁸

²⁶ For an analysis of recent official corruption cases: *New Macau*, no. 33, January 2007.

²⁷ *Survey and Report on the Present Working Conditions of Macau Employees*, Macau 2005, p. 57; 'Macau must deal with casino-boom wealth gap', *South China Morning Post*, 2 May 2007.

²⁸ 'Visa laws fuel labour crisis', *South China Morning Post*, 30 November 2007; 'Salaries up 15.5 per cent in third quarter', *Macau Post Daily*, 21 November 2007; 'Gaming industry employs 45,000, nearly 15 per cent of labour force', *Macau Post Daily*, 4 October 2007.

The senior positions in gambling, however, are often filled by people from the US, Hong Kong, Australia and elsewhere, creating an income gap between locals and expatriates within the sector, where non-resident workers make an average of nearly 22,000 patacas (\$2,800) per month—one and a half times more than locals. Moreover, the casino and construction sectors' growing demand for labour has led to a large influx of non-resident workers from the mainland and Hong Kong. To ease the acute manpower shortage while also saving on costs, contractors and sub-contractors have hired large numbers of unlicensed workers drawn from the unemployed populations of Guangdong and Fujian provinces. Willing to work for half the salary of locals, they are mostly put to work at night to avoid detection. In 2005, foreign labour accounted for an estimated 60 per cent of the total employed population, and more recent reports suggest that there could be as many as 100,000 illegal workers in Macau, accounting for one-fifth of the territory's population.²⁹ By including the influx of foreign workers in official statistics, the authorities have been able to massage the unemployment figures—down to 4 per cent in 2006, from 6 per cent in 2003. But the massive importation of foreign labour has created discontent among the local population, who claim they have been robbed of employment opportunities and forced into temporary jobs. Despite the building boom, several participants in the May Day demonstrations, for instance, claimed that local construction workers secure only ten days of employment each month.

Economists and the local press have acted together to disarm labour unrest by presenting a dearth of local talent and 'skilled' workers as the main cause of Macau's problems—necessitating the importation of labour from elsewhere. Local residents are told that their worsening livelihoods are necessary for the city to 'keep up with economic development' and 'take part in international competition'.³⁰ Trade unions have been incapable of protecting their members from the ravages of market forces. The pro-Beijing Federation of Trade Unions and Neighbourhood Associations are subsidized by the government, and key officials are frequently appointed to the legislature or administrative bodies. These unions have worked to safeguard the government and prevent their rank and file from actively participating in critical social movements. This depoliticization of organized labour, and its manifest incapacity to address deep-rooted

²⁹ 'Macau boom poses boon or bane dilemma', *The Straits Times*, 30 August 2007.

³⁰ See, for example, 'He Chaoqiong: Macau residents' quality needs to be improved', *Macau Daily*, 28 June 2007.

social inequalities, have been important factors pushing local workers and social activists into forming various movements for self-protection, such as those behind the May Day 2007 protests.

Large sections of Macau's population, meanwhile, have been excluded from even precarious employment. The inhabitants of the overcrowded and poverty-stricken northern district bordering the Macau–Zhuhai checkpoint, predominantly made up of immigrants who came from Guangdong and Fujian in the 1980s and 90s, are struggling to stay above the poverty line. Older workers, many of them previously employed in the city's textile factories before these were relocated to the mainland, have been squeezed to the margins of the enclave, and have suffered a sharp drop in living standards since Macau's neoliberal restructuring. Amid rising property prices, rents and cost of living—inflation rose from 1 per cent in 2004 to 5.4 per cent in 2006—the unemployed urban poor are forced to make a living smuggling food and goods between Macau and Zhuhai every day. Yet despite the avalanche of revenues from gambling, the Ho administration has sought to minimize any responsibility for alleviating poverty; the ruling discourse has naturalized Macau's rapidly increasing social cleavages as transitory and inevitable features of the city's 'modernization'!

Recolonization?

The post-handover trajectory of Macau has been shaped by the expedient principle of 'one country, two systems', which has facilitated a deepening of China's capitalist reorientation alongside a rationalization of the status quo in the territory. The period since 1999 has seen no fundamental change in the logic of colonial power relations, instead witnessing increasing inequalities under the rule of local elites in alliance with transnational capital. With democratic rights and freedom of the press severely limited, there have been few opportunities to contest the casino-capitalist order. But as breakneck development has exhausted the social resources that previously served to shape popular consent, the political frontier has begun to shift; new problems and contradictions are emerging. The May Day 2007 protests have been followed by a series of popular mobilizations contesting the neoliberal regime. On October 1, 2007—the PRC's National Day—local activists organized a spectacular drive-slow protest against a new traffic law that heavily penalized parking offences. On December 20, the eighth

anniversary of Macau's handover, some 2,000 protesters took part in street rallies calling for democratization and social justice; unlike previous marches, this one was joined by hundreds of young people calling for freedom of speech and expression, and election of the chief executive by universal suffrage.

Such mobilizations are evidence of a new oppositional culture arising amid these rapid social changes. This has prompted some discussion of such questions as workers' and citizens' rights, poverty, inequality and the role of the municipal government, unfolding in the pages of the mainstream *Macau Daily* and the University of Macau's *Journal of Macau Studies*. Mobilizations to protect Macau's architectural heritage, such as the Guia Lighthouse, have also drawn attention to the effects of the unbridled construction frenzy.³¹ To date, however, the debate among both mainland and local scholars has been dominated by the type of free-market and 'harmonious society' rhetoric favoured by Beijing—implying that economic liberalization will automatically lead to social progress.³² Yet the abstract application of the Western model serves mainly to foreclose any historical analysis of present social conditions, while the discourse of the 'harmonious society' derives mainly from the desire to neutralize or repress the potential turbulence of popular movements.³³ Both would aim to occlude the experiences of working people that have been at the heart of Macau's recent protests and to obscure the conditions that have made its decolonization a process of recolonization, reshaping the enclave into the new gambling capital of East Asia whilst subordinating its population still further to the fortunes of the market.

³¹ On recent mobilizations, see *Yazhou Zhoukan*, vol. 21, no. 18, 13 May 2007.

³² For example, Hong Kong scholar Yu Yongyi (Herbert Yee) has recently argued that foreign capital is 'favourable to the construction of a fair, open and just society', enabling Macau to 'transform from a closed and conservative society to an open and free one'. See *Vakio Daily*, 5 February 2007.

³³ See a series of essays on 'harmonious development' and 'change and responsibility' from 2006–07 in *Journal of Macau Studies*, nos 34, 38, 39, 40. The wave of protests in support of the 1989 Tiananmen movement, which was crucial to Macau's participatory democracy in the late colonial period, has been entirely erased from these accounts. For examples of analyses that import the Euro-American concept of civil society to Macau, see Pan Guanjin, 'The impact of social movements on the democratic polity', *Macau Daily*, 16 May 2007, Qi Jin, 'Refusing populist words and deeds, deepening civil-society construction', *Macau Daily*, 30 May 2007.

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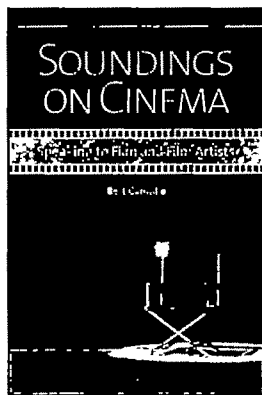
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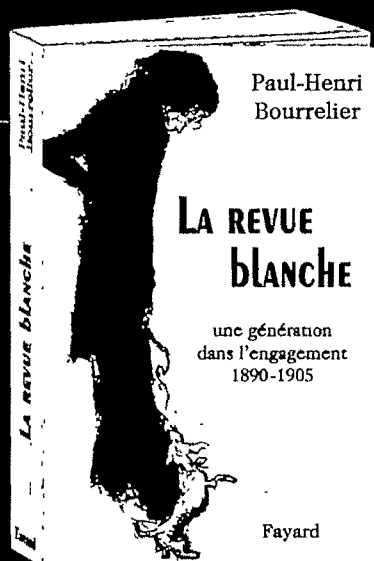
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Danilo Zolo, *La giustizia dei vincitori: Da Norimberga a Baghdad*

Editori Laterza: Rome 2006, €16, paperback

194 pp, 88 420 8016 0

ALBERTO TOSCANO

SOVEREIGN IMPUNITY

Over the last decade the Florence-based philosopher of law Danilo Zolo has emerged as one of the most principled and scholarly critics of the doctrine of 'military humanitarianism' that has followed the West's victory in the Cold War. His latest book, *La giustizia dei vincitori*—'Victors' Justice'—analyses the 20th-century recasting of the legal status of war and proposes a genealogy of the international tribunals, 'from Nuremberg to Baghdad', in which it has been embodied. In a sense, the work may be regarded as the third of a trilogy, beginning with *Cosmopolis: Prospects for World Government* (1995; English publication 1996) and continuing with *Invoking Humanity: War, Law and Global Order* (2000; English publication 2001). Zolo himself has described *Cosmopolis*—a panoramic critique of liberal cosmopolitanism and juridical universalism—as a way of working through his shock and dismay at Norberto Bobbio's salute to Operation Desert Storm as the harbinger of a new international legal order, founded on individual human rights. *Invoking Humanity* extended this analysis to the Kosovo conflict: it contains a scathing account of the Yugoslav War Crimes Tribunal at The Hague, under Carla Del Ponte, and its political and financial collusion with NATO; and a rigorous dissection of disquisitions on ethical cosmopolitanism by Habermas and others.

If relations between war and liberalism have played a major role in his recent writings, Zolo has been preoccupied with the broader questions of law and power from the beginning of his intellectual life. Born in 1936, in

the Croatian city of Rijeka—then Fiume, and under Italian rule—he studied jurisprudence and then worked as an assistant to the radical Catholic Mayor of Florence, Giorgio La Pira, a strong proponent of disarmament during the Cold War. In the following decade Zolo moved closer to the Della Volpean school of Marxism and wrote widely on law, criminology and politics. In a climate of heightened tension and terror threats during the late 1970s, he defended the practice of democratic legality—*garantismo*—against the government's recourse to emergency laws, with which the PCI colluded. During this period Zolo produced important work on bourgeois right and the 'withering away of the state', notably *Stato socialista e libertà borghesi* (1976). Immanent critiques of classical Marxism's insufficient and 'Rousseauian' attention to law and the state presaged his turn, in the 1980s, towards an engagement with German and Anglo-Saxon social and political theory, including the work of Giddens, Hirst and Beck. Zolo now developed what he termed a realist theory of democracy, turning from the legitimating vocabulary of parliamentary consensus—rights, sovereignty, deliberation, representation—to study the actual functioning of liberal polities. His interest in the ideas of Otto Neurath and Niklas Luhmann was apparent in, respectively, *Reflexive Epistemology* (1986; English 1989) and *Democracy and Complexity* (1987, English 1992).

In contrast to most of the Anglo-German social theorists, however, Zolo's response to the wars of the 1990s was to become more sharply critical of the international liberal order. The works from *Cosmopolis* onwards combine a long-standing if often unspoken pacifist impetus with a multi-dimensional realism, which embraces not only state-power politics but ethological discussions of human aggressivity, anthropological debates about cultural difference and the crucial role of economic inequality and exploitation. Initially, the overall tonality was a tragic one—witness the proposal in *Cosmopolis* for a 'weak pacifism'—rather reminiscent of Freud's exchange with Einstein on war. As the casuistries seeking to legitimate brute force and dispossession have congealed into official discourse, however, a steelier note has entered Zolo's work. Arguably, *La giustizia dei vincitori*—a potent and articulate *J'accuse* against the manipulation of international law as an instrument of American power—is his most incisive denunciation of the politicization of justice to date. It provides both a welcome guide to the instrumentalities of the system, abounding in vital details and historical erudition, and an uncompromising polemic against the impunity of the 'lords of peace'.

As his title suggests, Zolo's central thesis is that contemporary international law, hallowed as the domain of impartiality and universalism by liberal cosmopolitan theorists such as Bobbio, Habermas and Ignatieff, in fact produces an asymmetrical and retributive form of justice from

which consideration of the winners' crimes is systematically excluded. *La giustizia dei vincitori* comprises a number of reworked essays and interventions which build on Zolo's previous research, tackling themes from the definition of 'war crimes' to the doctrine of pre-emption, from 'empire' to terrorism. Though the seven chapters to a certain extent stand on their own, each bears a relation to the central argument of the book: that, behind the veneer of humanitarianism which characterizes the 'criminalization' of war, there lies an instrumentalization of international law and legal institutions to fit the needs of a US-dominated world order, deeply marked by inequality and injustice. Its essence was pithily summarized by a dissenting Indian judge at the Tokyo International Military Tribunal in 1946: 'Only lost wars are international crimes'.

Zolo's starting point is Carl Schmitt's insight in *The Nomos of the Earth*: that the outlawing of armed state aggression, starting with the 'Wilsonian cosmopolitanism' of the League of Nations, in reality served as prelude to unlimited and dehumanizing forms of warfare. For Schmitt, Zolo suggests, the Great War had signalled the end of the *jus publicum europaeum*, the Westphalian system based on sovereign-state equality with its recognition of the *justus hostis*, the legitimate enemy. The new order of the world suggested a return to the 'just war' model of Christian scholars, itself a re-elaboration of the Israelites' 'holy war', with its ethico-political dimension. With world peace supposedly guaranteed by the 'despatialized' League of Nations, war was redefined as an international crime—one that could be imputed to an individual as easily as to a state, as in the calls to 'try the Kaiser' in the wake of World War One. Building on Schmitt's periodization, Zolo presents a genealogy of 20th-century international law and its move from a concept of *justus hostis* to one of the aggressor as criminal, with the expansion of law beyond domestic jurisdictions. In this diagnosis, the post-Westphalian order legitimates a no-holds-barred onslaught against those defined as the enemies of humanity. Yet the ethical universalism that initially saw itself embodied in the League of Nations has proved unable, or unwilling, to generate genuinely impartial global institutions for the exercise of law beyond national sovereign jurisdictions. It ends by subscribing to a Manichean vision of conflict, pitting humanity against barbarism, at the behest of the dominant powers.

La giustizia dei vincitori then turns to examine the corrupting amalgam of law and military triumph constituted by the Nuremberg War Crimes Tribunal. Against the consensual view of Nuremberg as a paragon of virtue, Zolo sees it as the institution *par excellence* of winners' justice. As he points out, the Tribunal was established by the Allied powers' London agreement of 8 August 1945: two days after Hiroshima and two days before Nagasaki. But the perpetrators of nuclear destruction would not be tried at Nuremberg,

whose jurisdiction was limited to the defeated state. Here, as in the even more instrumentalist tribunal in Tokyo, Zolo highlights the double standard that exonerates the victor's crimes—whether of *jus ad bellum*, resort to war, or *jus in bello*, conduct in war—while prosecuting those of the enemy in ways that break with myriad legal principles, from *habeas corpus* and the right of appeal to the rules of admissible evidence and the non-retroactive character of law. Zolo argues that the 'Nuremberg model' conforms to Otto Kirchheimer's definition of 'political justice', in which 'the differential functions of justice and politics are annulled' and the criminal justice process becomes characterized by 'the ritual theatricalization of politics, the personalization and stigmatization of the enemy, and the procedural legitimization of expiatory sacrifice'. The victorious powers granted themselves impunity and—with no pretence of impartiality—appointed the prosecutors and judges from their own ranks. The rights of the accused were at the discretion of the judges. Sentences were envisaged as exemplary and retributive, evoking biblical models of expiatory punishment.

The 'crimes of aggression' that Nuremberg was designed to punish were left remarkably ill-defined. As Zolo notes, the UN Charter lacks a workable definition of 'aggression', and it was therefore left to the UN Security Council, through Article 51, to decide whose deeds should count as such. As to the efficacy of criminalization in preventing war of aggression—the 'supreme international crime', according to the judges at Nuremberg, since 'it contains within itself the accumulated evil of the whole'—Zolo suggests that it is 'enough to point to the American war on Vietnam, or the Soviet invasion of Afghanistan' to judge its results. The same double standards of victors' justice apply to the international law on occupied territories, formulated in the Fourth Geneva Convention of 1949. While military occupation—in Kosovo, Iraq, Lebanon or Palestine, for example—has routinely been the outcome of a war of aggression, Article 64 states that the invading power may abrogate local laws if this is necessary for 'the occupiers' security'. As Zolo writes:

By a sort of magical normative transubstantiation, the fact that armed aggression has succeeded, setting in place the military occupation, produces an immediate amnesty of the 'supreme crime' itself and legitimates its outcome.

The sovereign exemption of the great powers—evinced inter alia by the very structure of the UN Security Council, a sedimentation of relations of force among the World War Two victors—is an intrinsic dimension of this legal order.

Zolo explores in some detail the criticisms levelled at the Nuremberg Tribunal by its contemporaries, including Hannah Arendt and Hans Kelsen,

the renowned Austrian jurist. Arendt had cast grave doubt on the victors' motives, while pointing out that the accuseds' 'crimes of aggression' had not been defined as such—by the 1928 Kellogg–Briand pact, for example—at the time they were committed. Kelsen's critique, appearing on the heels of his influential *Peace through Law*, was still more damning: Nuremberg was so flawed that it should serve not as precedent but as negative example, like original sin. In fact, the model of the Nuremberg Tribunal was largely mothballed during the half-century of the Cold War. It was only after 1990 that it was resuscitated by the now-global victors, in a series of ad hoc tribunals: the International Criminal Tribunal for the former Yugoslavia was set up at The Hague in 1993, followed by the International Criminal Tribunal for Rwanda at Arusha, Tanzania, in 1995. Three years later, the statutes of a permanent International Criminal Court were approved, and the ICC was established at The Hague in 2003. In addition there has been a proliferation of 'mixed' jurisdictional instances—in Cambodia, Sierra Leone, Kosovo, East Timor—at which national ordinances were applied by international judges. Finally, in 2003, an Iraqi Special Tribunal was established in Baghdad.

The Yugoslav Tribunal—anatomized in detail in *Invoking Humanity*—provides Zolo with an almost pure example of the Nuremberg model. Set up by the UN Security Council following an initiative by the Clinton Administration, and largely funded by the latter, it breached every norm of impartiality. Its prosecutors collaborated extensively with NATO, liaising personally with the Supreme Allied Commander in Europe and the UN Secretary General about 'modalities of cooperation and assistance'. IFOR and SFOR troops functioned as judicial police, pursuing investigations and undertaking searches and arrests. NATO's 78-day bombardment of the remains of Yugoslavia in 1999—the 'supreme crime'—was discounted. The Tribunal's jurisdiction was retroactively applied to the constituent states of Yugoslavia from 1991. The accused were selected as much by mass-media pressure as on strictly juridical grounds, and for calculatedly political-theatrical effect. Despite the fact that they had been appointed by the UN, Zolo argues, the relationship between the occupying powers and the Tribunal's prosecutors, Louise Arbour and Carla Del Ponte in particular, was little different to that between the Allies and their equivalents at Nuremberg: Robert Jackson, Hartley Shawcross, François de Menthon and Roman Rudenko, notorious for his role in Stalin's show trials.

The Rwanda Tribunal, meanwhile, proved a catastrophe: six years after it had been set up, 120,000 pre-trial detainees still languished in desperate conditions. In the end, it was abandoned in favour of the local Gacaca court system. The ICC, for its part, proved the rule of sovereign impunity by exception: the US did not run it but sabotaged it, granting its own troops exemption from prosecution by dint of a UN Security Council

resolution, and then proceeded to exact bilateral 'impunity agreements' with ratifying states, that they would not surrender US nationals to the Court. Congress, meanwhile, passed the 'Hague Invasion' American Service-Members Protection Act of 2002, authorizing the use of force to free US (and selected allied) personnel from the ICC's cells. To date, no trial has been held there.

The Iraqi Tribunal was, of course, pointedly constituted as a 'national' juridical process by the Americans; but, as Zolo points out, it shares many of the attributes of the international 'Nuremberg model'. Its statute issued from the Iraqi Governing Council, which had itself been appointed by the Coalition Provisional Authority, under the US military governor Paul Bremer, and possessed no legislative powers. The Tribunal's judges were selected on clearly political criteria, with no pretence of impartiality, and operated on the basis of statutes written by American jurists. The trial of Saddam Hussein 'reproduced and radicalized the logic of stigmatization and retributive vendetta that dominated the Nuremberg trials', reducing it to 'a propagandistic theatricalization of justice' that did nothing to serve the democratization of Iraq.

In these tribunals, as in the convoluted justifications for the 1990s imposition of 'no fly zones' in Iraq, Zolo traces the development of a politics of humanitarian intervention unmoored from any genuinely universal institutional or normative basis. Financially and ideologically inextricable from their Atlantic sponsors, their *ad hoc* and *ad hominem* criteria reproduce inequalities of power and influence. In this respect, following Kelsen's criticisms of Nuremberg—also echoed by Arendt and by Hedley Bull, in *The Anarchical Society*—Zolo sees the enforcement of international law as offering, not impartial justice, but the continuation of aggression by other means. Placed at the disposition of the great powers, the 'inspirational Kantian and Kelsenian message of *world peace through world law*, with its promise of guaranteeing an end to war through juridical means and universalist institutions', has proved to be an instrument of what Hans Morgenthau once called 'the cosmopolitanism of the Holy Alliance'.

Zolo is scathing in his account of the hypocrisy that joins a selective criminalization of war to the normalization of great-power aggression, albeit often as undeclared conflicts and low-intensity warfare. In his analysis, war emerges as a prosthesis of US-led globalization, frequently justified by its apologists in terms of a juridical and humanitarian universalism. The latter's partiality and incoherence are subjected to closely argued critique. From 'Nuremberg to Baghdad', international jurisdiction over war crimes has been predicated on victory, and the crime of aggression has never been dealt with through a truly universalizable procedure: the victors always

retain their fundamental immunity, and it is they alone who set the terms of legal—not to mention political and moral—universality.

Zolo carefully unpicks the forms of collusion between liberal-humanitarian ideology and military intervention which, because it presents itself as the expression of a universalist morality, evades any legal or normative oversight. Thus what initially appears as a commendable humanist impulse—treating individual human rights as a principle superior to that of state sovereignty in the international order—turns out, given the deeply partial conditions for enforcing international law, to provide *carte blanche* for warmongering outside of any legal or diplomatic constraints. In the absence of the humanitarian world order that their position requires, the Kantian defenders of juridical pacifism—from Kelsen to Bobbio, Rawls to Habermas—find themselves justifying, in the name of human rights but with a kind of realist caveat, forms of military and political power that are entirely outside the law. Thus, while the West's military might is presented as 'the armed wing of Amnesty International', the trumping of sovereignty by human rights in fact ensconces the untrammelled sovereignty of one great power. In this respect, for all the differences that separate them from such perspectives, juridical pacifists end up aligned with those such as Michael Walzer who seek to revive notions of 'just war' as more or less organic to US foreign policy. The result is summed up here as an 'imperial monotheism', in which war is founded on 'humanitarian-fundamentalist' principles.

In developing this critique, Zolo deftly focuses on Bobbio and Ignatieff, enlisting their doubts on the philosophical coherence of the universalism of human rights to attack their defence of the same. Yet the results are not always convincing. Turning Ignatieff against himself, Zolo goes on to denounce the 'intolerance, aggressiveness, negation of cultural diversity and complexity of the world' that characterize all universalisms.

This tendency to blame juridical universalism itself, rather than its political instrumentalization, can lead him to treat the power projections of the West as in some sense the manifestation of a homogenizing Eurocentric dogma of rights; one that might be countered by a recognition and regulation—through multilateral institutions—of the plurality of cultural and normative constellations. Thus Zolo sometimes identifies the absence of cultural context and differentiation as the real error of international law as it currently stands. Though attention to debates on social or collective rights and economic inequality is welcome (addressed here through the work of Kymlicka and Sen), there is a risk of realism collapsing into cultural relativism when Zolo sympathetically refers to the doctrine of 'Asian values' as an example of the need to accept normative plurality in the international order—as if these values were somehow the natural expression of 'cultures' rather than the ideological instruments of modern states, no less

than the doctrine of humanitarian intervention. In these respects it may be said that Zolo is still burdened by a notion of complexity which functionally differentiates between the legal, the cultural, the political and the economic, rather than treating them in their conflictual or dialectical entanglement. Zolo holds out hopes that Europe and China may one day offer an alternative pluralism of powers—an opening towards an archipelago of cultures. This is unconvincing. What historical basis is there for thinking Euro- or Sino-capitalism any less self-interested than the American brand? It is not 'universalism' that is the problem with international law, but the fact that the latter's universal application is an impossibility within a radically asymmetrical political-economic order, since powerful states will always use its statutes to clothe their interests and frame its jurisdictions to suit their needs. In its lucid delineation of the manner in which they do so, *La giustizia dei vincitori* makes a memorable and eloquent contribution.

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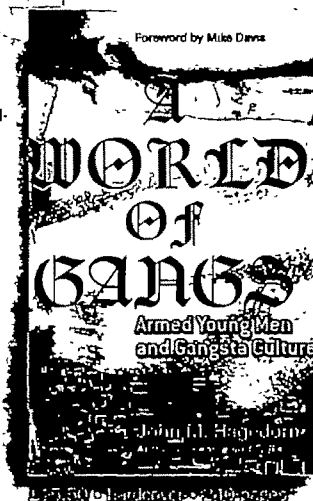
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Sudhir Venkatesh, *Gang Leader for a Day: A Rogue Sociologist Crosses the Line*

Penguin: London and New York 2008, £18.99, hardback

320 pp, 978 0 713 99993 8

ALEXANDER COCKBURN

ROGUE PROJECTS

Forty years ago the topic of slums was a lot hotter in the United States than it is now. The Cold War was on, and Soviet propaganda could make hay with America's urban riots in the mid-1960s. The Black Panthers organized armed patrols, set up free schoolchildren's breakfast programmes and formed alliances with such urban gangs as Chicago's Blackstone Rangers. American radicals started organizing in the ghettos. In 1966 Malcolm X—the man who really frightened America's ruling orders—was assassinated, probably with police connivance, in New York. Amid the uprisings that followed Martin Luther King's murder on April 4, 1968 the young Panther leader Bobby Hutton was gunned down by Oakland cops, having surrendered after a police onslaught on the house he was living in. In December of the following year the Chicago cops, with FBI assistance, murdered Panther leader Fred Hampton in his bed. It was open season on the Black Panthers, many of whom were killed. Spiro Agnew, Nixon's vice president, advised a sense of distance from urban policy: 'If you've seen one city slum you've seen them all', he nonchalantly declared. Enlightened opinion duly looked the other way, and that is how it has been ever since.

When slum dwellers finally did press upon public attention, as the flood waters in New Orleans forced them onto the roofs of their homes and then onto the elevated stretches of Interstate 10, armed police blocked the exit ramps. Plans rapidly unfurled to knock down the big public-housing projects, bulldoze the low-income neighbourhoods and disperse the poor blacks into the hinterland. In New York, as Forrest Hylton described in a 2007 CounterPunch article—and Deborah and Rodrick Wallace before him, in *A Plague on Your Houses* (1999)—city agencies, the RAND corporation

and the intellectual artificers of 'planned shrinkage' conspired together as 'finishers' of whole neighbourhoods, even boroughs. Between 1970 and 1980, 1.3 million white people left the city and some 600,000 blacks and Latinos were displaced within it, as thousands of homes were confiscated, flattened by bulldozers or burned down in huge gentrification programmes. If you add up the forcible clearances of poor people across the past forty years, from New York and the East Coast across the heartlands and on to San Francisco and Los Angeles, you have a chronicle of forced displacements, totting up to many millions of people, which still continues

Today, in sync with this historical arc, the vast slum projects on Chicago's South Side known as the Robert Taylor Homes, setting for Sudhir Venkatesh's *Gang Leader for a Day*, no longer exist. The bulldozers started rolling in the early 1990s, only thirty years after the mini-city of 28 high rises went up. It was constructed on French modernist principles, a 2-mile by 2-block concrete desert in which the Chicago Housing Authority had very loose authority over 27,000 people: 99.9 per cent black, 95 per cent jobless and on welfare, over 40 per cent of the heads of household being single mothers. Venkatesh's colourful and sympathetic memoir is a snapshot, like those you see stuck on posts alongside American highways where a car or truck took its human cargo into the hereafter. This is not the reminiscence of a denizen of the Projects, but of a sociologist who encountered the Homes at the start of the 1990s in their terminal stage: dangerous and filthy, controlled by drug gangs, the cops present mostly to accept bribes or extort levies from the gangs at gunpoint.

Born in Madras and raised in comfortable middle-class academic circumstances in southern California, Venkatesh embarked on his PhD in sociology at the University of Chicago in 1989. The dominant figure in the department at that time was William Julius Wilson, famous for arguing in such books as *When Work Disappears* and *The Truly Disadvantaged* that, contrary to depictions of ghetto blacks in right-wing bestiaires, which spoke of psychological, intellectual and even genetic deficits, the core problem was work. Without stable, well-paid jobs, any community will slide downhill, with blacks at the bottom of the heap.

Venkatesh soon got bored poring over data sets and yearned to scrutinize actual poor people. In the case of the University of Chicago, as with many other top-tier American campuses, desperately poor black people were available for scrutiny only a few blocks away. Wilson was embarking on a big new study of poverty and told Venkatesh to put together a questionnaire and start interviewing. To the homeboys lounging about in the stairwells of the Projects, selling crack and fending off competition, Venkatesh must have been an odd sight: a tall, dark-skinned fellow with a pony-tail and a tie-dye shirt, memento of his Deadhead cultural affiliations, flourishing a

researcher's clipboard and asking, 'How does it feel to be black and poor?' They figure him as a member of a Mexican gang, or an Arab, and hold him till the gang leader, J. T., a college dropout with a talent for organizing, assays Venkatesh's academic credentials, his origins, and in short order says he can stay around—thus setting Venkatesh on a path that would eventually lead him to Harvard and then to Columbia University. His ten years of research in the Robert Taylor Homes have already yielded two formal academic works: in 2000, *American Project: The Rise and Fall of a Modern Ghetto*; and in 2006, *Off the Books: the Underground Economy of the Urban Poor*, as well as a documentary, *DisLocation*, in 2005. That same year, he made a much-noticed appearance in chapter 3 ('Why Do Drug Dealers Still Live with Their Moms?') of Steven Levitt and Stephen Dubner's best-selling *Freakonomics*, about the economics of crack cocaine at the retail level.

Venkatesh does little more than gesture in a sentence or two about how exactly he earned the trust of J. T. and other powerful people in the Projects, such as the tenant leader, Ms Bailey. In keeping with this laconic, understated mode—one has the sense now and then of a book written in something of a hurry—he does not broach the subject of his own ethnic origins, but it obviously helped that he is not white. At all events, the laid-back personality that led J. T. and others to trust young Sudhir emerges clearly from his descriptions—at once sympathetic and detached—of slum life and the endless battles of the very poor to make it to the end of the day in one piece. His dry Indian eye allows him to sketch in vivid detail the entrepreneurial hive at the Robert Taylor Homes.

The Projects come alive in Venkatesh's glancing descriptions: urine-soaked stairwells inhabited by squatters and cruised by hookers; the 16-storey buildings' bleak outside corridors savaged by Chicago's winter winds; welcoming apartments in which heroic mothers raise their kids and cram Sudhir's plate with soul food as he writes up his notes. His posture is genuinely one of respect. The gang members are not the 'superpredators' demonized by the right-wing criminologists who dominated discussions of the ghetto and of the justice system's stance toward gangs in the late 1980s and 90s. They are humans given scant choices. 'You want to understand how black folks live in the Projects', Ms Bailey tells Venkatesh. 'Why we are poor. Why we have so much crime. Why we can't feed our families. Why our kids can't get work when they grow up. So will you be studying white people?'

Declining a pose of moral affront, Venkatesh's particular talent is to have figured out how the building functions as a collective business enterprise; how the truly desperate squeeze a hundred dollars a month out of recycling trash; how the hookers rate their services. He had one huge stroke of good fortune in the form of a secret gift of the gang's business accounts, conscientiously maintained by J. T.'s bookkeeper, T-Bone. Using T-Bone's notebook,

he established exactly what the junior drug vendors in J. T.'s army—the Black Kings—were making: minimum wage, hence the need to live with their moms. J. T. himself was pulling down from \$30,000 a year, up to as much as \$100,000 at his apex. The books methodically recorded the levies extorted by the gang from local shopkeepers, from the squatters, from the hookers. Venkatesh explains how a vast urban slum was actually governed by innumerable *quid pro quos* and intricate contracts which, being unwritten and with the rule of law not accessible to its inhabitants, were enforced by the threat or the direct exercise of violence.

Adopting a modified Candidean posture as the West Coast naïf in darkest Chicago, Venkatesh lets the reader know early on that, yes, he witnessed more or less mutely some bad stuff, initially when J. T. beats up an elderly squatter called C-Note who refuses to quit working on a car in an area the gang want to use for basketball:

'I told you, nigger', J. T. said, his face barely an inch away from C-Note's, 'but you just don't listen, do you?' He sounded exasperated but there was also a sinister tone to his voice I'd never heard before. 'Why are you making this harder?' He started slapping C-Note on the side of the head, grunting with each slap, C-Note's head flopping back and forth like a toy . . . then J. T.'s henchmen pushed him to the ground. They took turns kicking him, one in the back and the other in the stomach . . .

It takes C-Note two months to recover from the beating. Venkatesh writes a few pages later.

J. T. and I resumed our normal relationship . . . I kept my questions to myself . . . While I was by no means comfortable watching drug addicts smoke crack, the C-Note affair gave me greater pause. He was an old man in poor health; he could hardly be expected to defend himself against men twice his size and half his age, men who also happened to carry guns . . . But I didn't do anything. I'm ashamed to say I didn't confront J. T. about it until some six months later, and even then I did so tentatively.

This observer/participant theme weaves its way uncertainly through the book. Venkatesh's academic advisors remind him that witness of criminal activities renders him liable to subpoenas and even charges of criminal conspiracy. More experienced ethnographers caution him against excessive involvement with his subjects. Venkatesh's own entrepreneurial instincts prompt him to assert too shrilly the originality of his research methods (i.e., directly observing poor people), and also to contrive the signally unconvincing chapter that gives the book its title, *Gang Leader for a Day*. It is plain enough that Venkatesh was nothing of the sort. Under the careful eye of J. T.

and his lieutenants, he is allowed to make a few inconsequential decisions before surrendering the imaginary role.

It is as a participant that Venkatesh makes the astounding move of revealing to J. T. and Ms Bailey the actual earnings disclosed to him by the small-time hustlers, hookers and marginal players, whose confidence he has fostered down the years. Furious at the news of tiny profits undeclared to them, J. T. and Ms Bailey promptly exact retribution, thus earning Venkatesh the well-merited suspicion of his erstwhile informants. Remorseful across several pages, he never really explains his shameful conduct, and one can only conclude that it was the pride of the business analyst that led him on. He could not resist strutting his stuff to J. T. and Ms Bailey.

History sidles briefly into the book. Old black men muse nostalgically about the days of the Black Panthers, who offered the ghetto social services along with incendiary politics. An older woman, Cordella Levy, recalls how women used to run social life in the Projects before the possibility of decent local employment disappeared and the drug gangs came in, establishing the cash nexus and rule of force as the motor of social relations. 'It was a time for women', Levy says, 'a place for women. The men ruined everything.' This brings us back to young men like J. T., who beats up C-Note. Eventually Venkatesh asks him why, and J. T. answers: 'C-Note was challenging my authority . . . I had niggers watching me, and I had to do what I had to do'. The sense of insecurity and impermanence—in jobs, relationships, lodging, life itself—that so imbues the lives of poor people takes over Venkatesh's book in its final chapters. The Robert Taylor Homes are scheduled for demolition, and amid the rubble lies J. T.'s empire, as a federal onslaught puts many of the Black Kings behind bars. There is uplifting talk about new and improved housing opportunities for the displaced residents, but the reality is the same as the fate of the poor of New Orleans: dismal exile to remote and squalid lodgings or trailer parks, torn from all familiar ties, as the old Projects are pulled down to make way for gentrification.

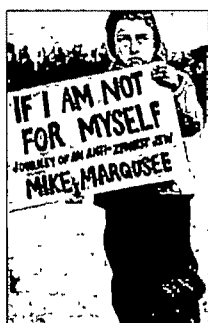
Venkatesh says that T-Bone got ten years for drug trafficking and died in prison. (He gave a slightly different account in *Freakonomics*.) J. T. gets out of the gang business, but his barbershop fails. He thought he was going to be the hero of Venkatesh's book, but presumably by now has realized that this was a role the author had reserved for himself, crowing on the last page that he was 'a rogue sociologist, breaking conventions and flouting the rules'. Of course, the roguery has done him no end of good, and *Gang Leader for a Day* will probably end up as a movie. And the moral is . . . But no, there is no moral of the sort Venkatesh's supervisor William Julius Wilson might have written about how to fight poverty.

Both of Venkatesh's earlier books, published by Harvard, are less glitzy and substantively more interesting than *Gang Leader for a Day*.

Politically, they are less muted, locating their material against the backdrop of the institutional racism of US society. *American Project* is the quasi-academic precursor to *Gang Leader for a Day*, with an introduction by Wilson and a useful complement of notes and citations situating Venkatesh's research in contexts less vulgar than the preening 'rogue sociologist' of this latest work—whose genealogy can be swiftly traced to the 'rogue economist' Steven Levitt, preening on the cover of the irksome and similarly vulgar *Freakonomics*. Venkatesh's *Off the Books* is a very interesting portrait of ten blocks on Chicago's South Side, with valuable material about the city's politics in relation to the urban poor. The discussions of the limited impact of Mayor Harold Washington and the sympathetic account of the community preachers are among the book's memorable pages.

By contrast, the Venkatesh of *Gang Leader for a Day* is a hustler, perhaps hoping to clamber into the pop-sociological big-time. It is still an interesting memoir, with a thoroughly modern, albeit rather chill feel, rather like the new name for the low-rise mixed-use development that has replaced the Robert Taylor Homes—themselves named for a 1940s crusader for decent housing for blacks in Chicago. The new zone is called 'Legends South'.

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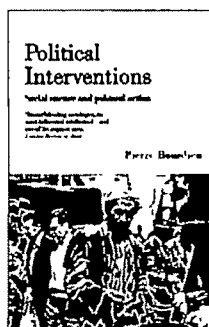
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Walter Russell Mead, *God and Gold: Britain, America and the Making of the Modern World*

Atlantic Books: London 2007, £25, hardback

449 pp, 978 1 843 54723 5

KEES VAN DER PIJL

ATLANTIC IDEOLOGIES

The spirit of Clinton's globalization offensive of the 1990s, as of the wave of deregulation and privatization on which it was premised, was famously captured by Francis Fukuyama's 'end of History' thesis. In his vision, the world had reached a point where no credible alternative to the combined operation of liberal democracy and capitalist economy could any longer arise. By implication, any resistance to the pre-eminence of the West in the geopolitical arena lacked historical legitimacy from the start; just as people across the globe would do better to forget about social change. Hence globalization could entail humanitarian intervention without a UN mandate, a global mission for NATO, and fresh steps to replace social security with 'workfare'. Under Clinton's successor, Washington sang from a different hymn sheet: Samuel Huntington's 'clash of civilizations' thesis claimed that geopolitical cleavages far deeper than those of the Cold War were being exposed beneath the rubble of the Soviet collapse. If the West were to retain its global preponderance, it would have to negotiate tectonic shifts drawing on millennia-old ethical and religious sources, and more particularly, meet a 'Confucian-Islamic' challenge.

Aspects of this approach, as well as more down-to-earth concerns, guided the Bush Administration's disastrous interventions in Afghanistan and Iraq, with the unwavering support of Downing Street. Yet the degree to which the fallout of the Anglo-American crusade has undermined the coherence of US foreign policy is illustrated by the fact that China, a key adversary for Huntington, has not yet been subjected to the full impact of Western pressure. The PRC has been allowed to develop its industrial economy to the point where internal contradictions in the areas of labour supply and

pollution—rather than in international relations—are forcing a slowdown. For US ideologists, however, as Thomas Friedman put it in a 2006 *New York Times* article entitled 'Contending With China':

When the history of [the present] era is written, the trend that historians will cite as the most significant will not be 9/11 and the US invasions of Afghanistan and Iraq. It will be the rise of China and India. How the world accommodates itself to these rising powers, and how America manages the economic opportunities and challenges they pose, is still the most important global trend to watch.

The implication, then, is that the United States must somehow extricate itself from the current confrontation with the Islamic world if the historical pre-eminence of the English-speaking West and its hold on the levers of the capitalist world economy are to be maintained.

It is not just policy intellectuals who think like this. At home, the Bush Administration has generated a broad opposition that feeds on more than just aversion to the war in Iraq. There is a widespread feeling, fuelled daily at the country's gas stations, that the era of US preponderance in the world is drawing to a close and that the American way of life is singularly ill prepared to deal with urgent challenges, not least that of environmental change. This groundswell is energizing the Barack Obama campaign to win the Democratic nomination for 2008. At the time of writing the Clintons still have a few more cards to play, not least the 800 or so delegates that the party machine will allocate on top of those won through the primaries. But there is something out of the ordinary about Obama and it is perhaps no coincidence that he, and not Hillary, has received most donations from prestigious universities (Harvard, California) and future-oriented enterprises like Google, whilst the traditional Wall Street supporters of the Democrats are still spreading their bets.

So far Obama has mainly spoken of 'hope' and 'change', though he appears to be the candidate best placed to appeal to a sense of social justice and with the greatest potential to mobilize the traditionally non-voting 40–50 per cent of the electorate. His campaign has not yet succeeded in developing a coherent foreign-policy stance that would dovetail into a broader ideological programme. Yet only through such a project can the ruling class aim to absorb the aspirations of American society, connect them to the business strategies and property concerns of the upper layer of society, and translate it all into a strategy that will reinforce US hegemony at home and abroad. Any prospect of hope or change will always be mortgaged to that overriding aim.

In *God and Gold: Britain, America and the Making of the Modern World*, Walter Russell Mead makes no secret of the fact that he aspires to be a

guiding spirit in the formulation of such a programme, to which he hopes to attract one constituency, that is not part of the traditional Democratic mass base: America's evangelical Christians. Mead reaches his conclusions via a broad historical analysis of the determining socio-political constellation of our time: the Anglophone West, conceived at once as the progenitor, product and guardian of liberal capitalism—a formation whose legitimacy is, for the author, beyond dispute. The virtues of the Anglosphere, in this account, arise in Weberian fashion from the English Reformation, which produced an 'individualistic and optimistic' people, characterized by a dynamic combination of profound personal piety and social openness to economic, cultural and political change. The challenge ahead, however, is to incorporate the tolerant spirit of the Protestant thinker, Reinhold Niebuhr. By granting the Islamic world a breathing space, a more restrained posture would allow the West to regroup and reposition itself for a new round of what Mead calls the 'permanent revolution' of the capitalist system, which has served it so well for so long.

God and Gold, then, is not a scholarly work so much as a contribution to a strategic consensus, whose anchoring in the existing system is never mentioned, let alone questioned. In his earlier works, *Power, Terror, Peace and War* (2005) and *Special Providence: American Foreign Policy and How It Changed the World* (2001), Mead had already positioned himself as a national ideologist, attempting to articulate a coherent formula for a patriotic-internationalist US foreign policy, within which 'economics, morality, democracy' would be central concerns. In *Special Providence* this was explicitly counterposed to the evils of a Kissingerian 'continental realism' that had been responsible for the failures of the Nixon and Ford Administrations, and was thankfully abandoned by Carter and Reagan. Intrinsic to this project is the ideological validation of the concept of a US foreign policy as such—Mead worries that the masses lag too far behind their leaders on this question, having a regrettable tendency to regard overseas interventions as 'un-American'. His books aim to set them right. *Special Providence* offers a sort of core curriculum for American civics, delineating what Mead sees as the four basic schools—Hamiltonian, Wilsonian, Jeffersonian, Jacksonian—of a long-standing American foreign-policy tradition, unfortunately subordinated to 'continental realism' during the Cold War. The present need for a popularly accessible foreign-policy formula is clearly spelled out: 'the coming sacrifices of blood, treasure, and comfort are likely to be . . . more formidable than ever before'. Mead, like Fukuyama, Huntington and so on, aims to be an organic intellectual of the American ruling class, one who thinks ahead to configure, if still tentatively, how a coalition of social forces might be assembled behind a coherent policy.

A review of such a work is bound to signal that, whatever its intellectual merits, we have before us an argument made on behalf of sponsors

who, as Thomas Ferguson describes in *Golden Rule*, can play a major part in deciding on candidacies and often on actual election outcomes. As Henry A. Kissinger Senior Fellow for Foreign Policy at the Council of Foreign Relations, it is Mead's remit to chart a possible course for the United States' role in the world. Such policy planning does not proceed in isolation; the CFR is extensively interlinked with transnational bodies such as the Bilderberg conferences, the World Economic Forum and the Trilateral Commission, in addition to a whole roster of foundations and trusts that sponsor individual proposals. Both Fukuyama's and Huntington's works were financed by the ubiquitous Olin Foundation, a bastion of the Reagan revolution with military connections that date back to Olin Industries' gunpowder empire; the hospitality extended to Fukuyama by the RAND Corporation, or the support for Huntington by the Smith-Richardson Foundation, another pillar of the American Right, must necessarily preface the question of whether Fukuyama engages properly with Hegel or Huntington's work meets the test of historiographical accuracy.

The sponsors of *God and Gold* include the Pew Forum on Religion and Public Life, the Woodcock Foundation and the Henry Luce Foundation. And just as John Locke in his day discussed his ideas first with Lord Shaftesbury, Mead has profited from the insights of George Soros and others, as both the Acknowledgements and his discussion of the 'open society' make clear. But the Pews of Philadelphia occupy pride of place. They are fundamentalist Presbyterians who made their money mainly in oil and (again) are part of the core constituency of the American Right. Even so, their enduring interest in religion has moved along with the times, and Mead's handling of the topic must be a contrast to what the family had been accustomed to hearing from Billy Graham. The Pew Research Center's findings that the Iraq adventure has vastly increased sympathy for Bin Laden in the Muslim world whilst generating aversion to the Anglo-American 'war on terror' certainly resonate in the book.

From the days of Walter Lippmann, packaging strategic advice in a best-seller has been used to gain broader acclaim. *God and Gold*, too, is set up as the popularized version of its own message. Chapter titles like 'Goldilocks and the West', 'The Walrus and the Carpenter'—Britain and America, patrolling the beaches of their 'maritime liberal empire'—'The Gyroscope and the Pyramid', and so on, convey the tone of the work. Such borrowings from Lewis Carroll and other nursery classics do not necessarily help to clarify the strategic dimensions of the social forces analysed; nor do they sit entirely easily with the extensive quotations from Milton, Dryden, Longfellow and others through which the author seeks to capture the essence of the Anglo-Saxon attitudes he analyses. Mead's starting point is the burden of Cromwell's 1656 address to Parliament: 'Who are our enemies, and why do

they hate us?' In his view, 'an unnecessary and poorly planned war in Iraq' has 'seriously reduced' public support for the Atlantic alliance. The insensitivity of Bush and Blair, 'intoning pieties about individual rights, the virtues of liberal economic policy, the need for massive revolutionary upheaval in the Arab world, and the universal principles of moral law', has only made things worse:

The maritime system has interests that require continued and even deepening US engagement in the Middle East, but the historic relationship of the maritime system with the Arabs makes that engagement very difficult to sustain. There is no way forward without a much deeper encounter between the United States and the Arab world, and this encounter cannot succeed unless the Carpenter can learn to talk less and listen more.

Mead's recommendations on how to scale back the crusading rhetoric focus on the writings of Niebuhr, famously hailed by George Kennan, architect of the Cold War containment strategy, as 'the father of us all'. It is through Niebuhr's concept of sin that Mead believes evangelical Christians can be made part of the critical mass sustaining the required turn of US foreign policy. In his classic *Moral Man and Immoral Society* of 1932, Niebuhr argued that surrendering to group loyalties made people far more prone to 'sinfulness' than they would be on an individual level. This view was probably as much inspired by the state-corporatist drift of the interwar years as by foreign policy; but in the context of the early Cold War it could be used to moderate claims of righteousness on the part of the West that might otherwise trigger a nuclear confrontation. Indeed, as Mead renders Niebuhr's argument: 'the larger and grander the abstraction, the less critical we are of the claims, and the less need we feel to recognize the just claims of those who belong to competing camps'.

The domain of religion is one in which unrestrained self-righteousness may easily develop; but in Mead's view, the most vocal segment of religious opinion in the United States, the evangelical Protestants, has 'the presence and power to create a significant new mass of public opinion that is responsive to Niebuhrian ideals'. As their movement has gained ground over the decades, more mature and responsible intellectuals have come to the fore from its ranks; such figures may contribute to a broad coalition that will underpin a turn away from liberal-imperial zealotry towards a new policy, which would recognize the legitimacy of the claims made by Islamic intellectuals—that, throughout modern history, their societies have been subjected to imperialist heavy-handedness and aggression. Mead offers a gallop through Christendom's encounter with the Muslim world and presents some sobering facts. In the Ottoman empire's retreat from the Balkans in the 1912–20 period, two-thirds of the Muslim population of the region—27 per

cent of the total—was displaced, driven out, or killed; one in five Turks today descends from Balkan refugees. Ever since the Crusades, Arabs, Turks and Muslims generally have found themselves targeted by the West; ‘no corner of the Muslim world was or is safe from this unrelenting onslaught’. Mead’s survey, however, appears to stop in 1924. The fate of the Palestinians—somewhat more to the point than the fall of the Ottoman empire—goes unmentioned. There is barely a whisper about unconditional US support for the Israeli occupation and settlement of the West Bank—‘imperfect’ is the strongest adjective he dares to use about Israel. Indeed, Mead’s generally vigorous prose twists itself into euphemisms on this sensitive subject: ‘We must come to terms with the very complex ways that our support for Israel affects the ways that Arabs interpret American motives and actions’, he suggests—a shrinking from the brutal realities of the Israel–Palestine conflict that entirely undermines his plea for a Niebuhrian ‘understanding’ towards the Islamic world as the best way to maintain the structures of Anglo-American world power, the guarantor of the maritime system.

What are the enduring features of this system? The states making up the Anglophone West (as the preface to the UK edition informs us) do not necessarily march in step, but they do ‘tend to reach similar if not identical conclusions about what needs to be done’, from a longer-term perspective: ‘Since the Glorious Revolution of 1688 that established parliamentary and Protestant rule in Britain, the Anglo-Americans have been on the winning side in every major conflict’. The Manichean view under which these wars were launched and fought is painted here in its true colours. Woodrow Wilson’s utterance in 1918, on the eve of the Versailles negotiations, that ‘there is a great wind of moral force moving through the world, and every man who opposes himself to that wind will go down in disgrace’, may suggest contemporary echoes in the themes of the Obama campaign. However, as Mead rightly emphasizes, these proclamations of a final spiritual cleansing, brought about by the military power of the United States and its allies, signally failed to produce an enduring peace. The solemn announcement of the ‘end of History’ turned out to be premature every time, as new challenges arose. Yet the capacity to adjust has allowed the Anglophone West to recapture the initiative on every occasion so far, and *God and Gold*’s larger purpose is to explain why this is so.

According to Mead, it is the ability to rewrite, at each juncture, a new operational version of eternal truth to match changing circumstances that has allowed the liberal Atlantic world to reproduce its hegemony in the face of adversaries adhering to more rigid principles. Whether this propensity is being squandered, now that the ‘war on terror’ is stifling dissent in the core Anglophone societies, remains to be seen. But in a sense Mead’s book is testimony to an enduring capacity for resurrections from policy disasters: this

time, from the Bush–Blair debacles of Afghanistan and Iraq, Guantánamo and Belmarsh. The middle section of the book, ‘Anglo-Saxon Attitudes’, expounds on the origins of this ability to rebound from near-catastrophe and prevail. Here God calls the tune, albeit in a surprisingly ‘deistic’ way, allowing His truest believers to be flexible in following the faith. Indeed, if there is a fundamentalism at work in Anglophone society, it resides in the pragmatic interpretation of the most sacred injunctions rather than in their strict observance. Mead focuses on Christianity, but the implication that this is a broader mindset is never in doubt. Myth and religion, as well as poetry and theory, are ideational superstructures on an instinctual substratum. Without them, human society would lack the ability to chart a direction beyond the primitive drives for solidarity and continuity. Religion (in the definition of Henri Bergson used by Mead) can either operate in a closed society, as a static set of rules, or in an open society, as part of the apparatus that enables its members to adjust to change.

In modern history, the Popperian open society has been the society shaped by capitalism. True, just as the capitalist mode of production was prefaced by mercantile activity in the city-states of north Italy and the trading networks of the Hanseatic League, the open society had its precursors too. ‘But the form of open society that appeared in the Netherlands and the English-speaking world was more robust, expansive and long-lived than the open societies of earlier historical eras’. This was connected to their embrace of capitalism and expressed in what Bergson called dynamic religion. For while one would expect an open society to produce enlightenment, and enlightenment then to be articulated as secularization, the paradoxical fact is that ‘the countries which are in most respects the most thoroughly modernized by any definition that rests on economic and technological progress—Britain of the nineteenth century, the United States today—are significantly more religious than most’. Anglophone piety, then, all along coexisted with scepticism and historical relativism, ever since the Act of Supremacy that created the Anglican Communion in 1534. Its first Archbishop, Thomas Cranmer, articulated this when he pointed out that ‘There was never anything by men so well devised or so surely established which in age and continuance of time hath not been corrupted’. Hence, in Mead’s words, ‘Two ideas in creative tension have coexisted for half a millennium in the Anglosphere. On the one hand, God exists and reveals his will regarding moral rules and religious doctrines to human beings; on the other hand, human understanding of these revelations remains partial and subject to change.’

This might have been a recipe for enduring success had it been applied cool-headedly and not been corrupted by the Anglo-Saxons’ grandstanding as the chosen people. Thus Polk’s Secretary of the Treasury proclaimed that whatever obstacles might arise, ultimately ‘the predominance of our Anglo-

Celt-Saxon-Norman stock shall guide the nations [towards] this great confederacy [which] would ultimately embrace the globe we inhabit'. Even so, as Mead argues in a chapter entitled 'The Protocols of the Elders of Greenwich', though a set of common principles can be discerned, there was never an explicit master plan.

By doing what came naturally, by following the logic of their geography, culture and society, the British and then the Americans happened on a way of managing their affairs in the world that provided for a flexible and durable form of global power suited to their circumstances while committing them to a less difficult set of tasks and conflicts than other leading powers have faced.

These other powers could only respond with envious bitterness, born from frustration. In the crudest section of the book, a chapter entitled 'How They Hate Us', Adolf Hitler and 'Karl Marx, Charles Baudelaire and Pope Pius IX' are thrown together into an ill-tuned anti-Western choir, whilst Martin Heidegger, who at some point did sign his letters 'Heil Hitler', is presented as solely consumed by anti-Americanism. This then made him (Heidegger) 'long popular among Western Communists' via Jean-Paul Sartre, before enjoying 'a new vogue in the Muslim Middle East among some who find his principled anti-Americanism a useful tool'. And so on, most of it assumed to be so deeply rooted in common knowledge that no references are needed.

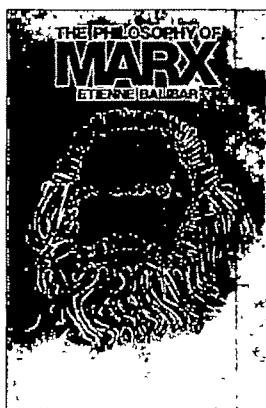
What remains is the insight that Anglophone society was unfailingly orthodox in the pragmatic understanding of its holiest writ. Its operating principles left even the most sophisticated opponent looking fossilized, hopelessly stuck in the past. As if anticipating the insights of modern physics, a distinction between changing surface phenomena of which the observation depends on the mode of measurement, and a deeper reality which itself eludes being truly known, has historically characterized the English-speaking mindset. Capitalism itself is described as operating through such a layered structure: the dizzying intersection of innovative, apparently anarchic actions aimed at securing competitive advantage hides a set of ground rules that remain fixed. Mead's example of how shrimp farming destroys southeast Asia's mangrove swamps to feed insatiable US demand—and ultimately, destroys itself as well—is a telling illustration of the aggregate irrationality of subjective, market-driven rationality, although the author would not go that far.

The political culture of Anglophone society, too, is apparently unrelated to anything fixed; it functions almost weightlessly, as 'a set of political values that can accommodate the clashes of opposed interests without blowing up'. The party system, its manifest form, provides just the format to achieve enduring flexibility. 'Class tensions can be ventilated and adjusted; after a

Gilded Age of robber barons, a progressive income tax can, if the majority wishes, redress the social balance'. There is no way that a contender state seeking to match the achievements of the West and imposing central control to guide the effort can enjoy such a lack of principled direction.

Again the author does not explain how below these surface phenomena, a class structure largely immutable in its basic patterns remains the underlying reality. But then we are reading ideological formulae in the making, not social science. It is not just bad luck for Mead that, soon after he wrote that 'the great English-speaking countries . . . have had the deep and flexible financial markets that provide greater prosperity', a financial crisis mocks these very words. The rampant corruption in the global circuits of money capital centred on Wall Street and the City which the crisis reveals can no longer be attributed to reckless mortgage policies. There are structural internal contradictions at work that were identified by more critical authors from the 1980s onwards. It is here, in the coming together of financial crisis, accelerating erosion of the geopolitical pre-eminence of the English-speaking West, and looming environmental catastrophe, that the limits of the scenario offered by *God and Gold* may become evident. But if Mead's central assumption is valid, others in the West will come up with alternatives soon enough.

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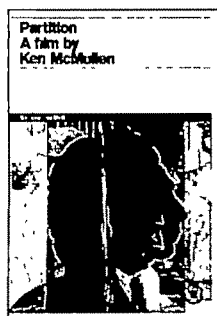
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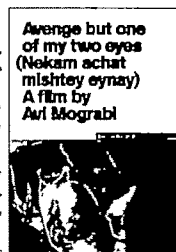
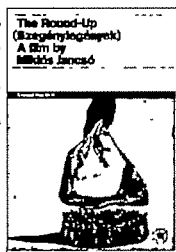
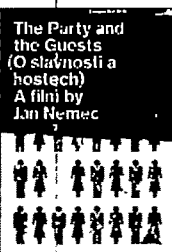


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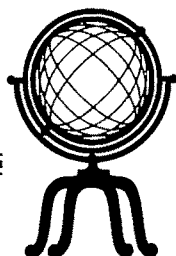
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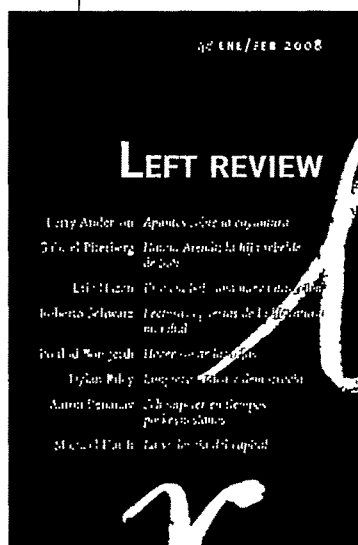
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PUBLISHED BY: New Left Review Ltd (ISSN 0028-6060)

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PUBLISHED six times a year in January, March, May, July, September and November

UK DISTRIBUTOR: Central Books, London

US DISTRIBUTORS: Ingram Periodicals, La Vergne, TN
Ubiquity, Brooklyn, NY

US POSTAGE: Periodicals postage paid at Rahway, NJ

US AGENT: Mercury International, 365 Blair Road, Avenel, NJ 07001

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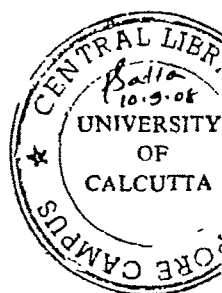
PRINTED BY: Alden Press, Oxford

DESIGNED BY: Peter Campbell

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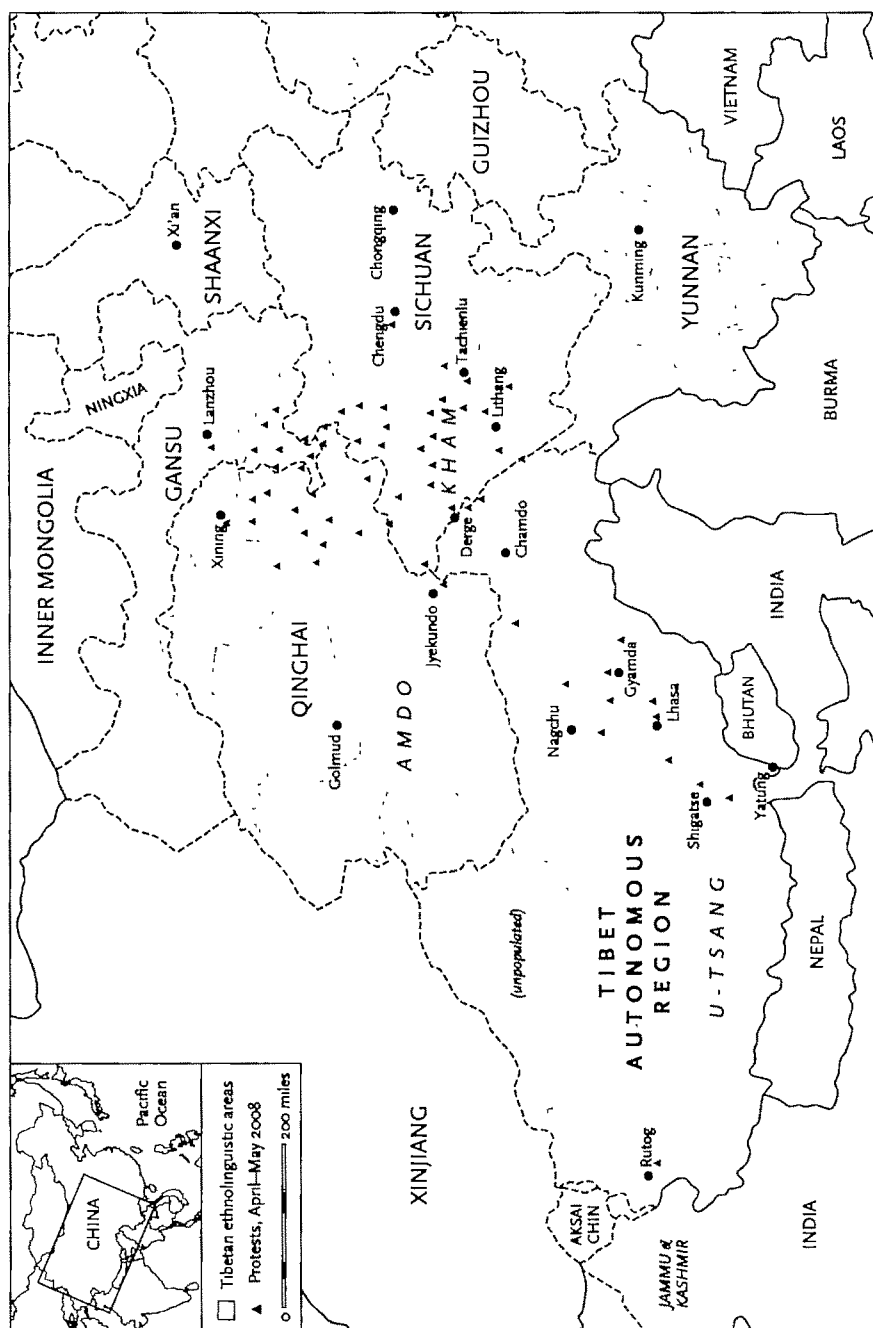
TSERING SHAKYA

Interview

TIBETAN QUESTIONS

Your landmark history of modern Tibet, The Dragon in the Land of Snows, suggests a broad four-part periodization for developments since 1951. During the first period, 1951–59, the Chinese Communist Party sought to work in alliance with Tibet's traditional ruling class under the Seventeen-Point Agreement: a 'one country, two systems' arrangement, with autonomous rule by the Dalai Lama's government. After the flight of the Dalai Lama and the crushing of the 1959 rebellion, the second stage, 1960–78, saw the extension of Communist reforms on the Plateau and the redistribution of monastic and aristocratic lands, accelerating with the collectivizations and mass mobilizations of the Cultural Revolution. Following 1980, there was an era of much greater liberalization and 'Tibetanization' under Hu Yaobang, accompanied by open-door trade and migration policies—followed by a clampdown after 1989. Looking back, how would you characterize the situation in Tibet in the 1980s, under Hu Yaobang?

THE 1980S REFORMS were welcomed by Tibetans, who saw them as a major transition, and still regard Hu as one of China's best leaders. At the time, many said that things had never been so good. It marked the start of a period which people thought would bring a certain cultural and economic autonomy for themselves as individuals, and for the Tibetan region as a whole. It was seen as an opportunity to revitalize traditional cultures—the first noticeable sign of this being when people reverted to wearing traditional Tibetan clothes, instead of the blue overalls. Economically, the region also now emerged from a period of real deterioration, running from 1960 to 1980, which was even worse than the years leading up to 1959. The slump was partly due to a total mismanagement of the region's



production, which had been drastically altered by the imposition of communes and co-operatives; these were disastrous for the indigenous economy. They were disbanded under Hu's reforms, and traditional systems were revived. Living standards returned to what they had been before 1960, a change that was naturally welcomed by the Tibetan Plateau's overwhelmingly rural population: at this time, 95 per cent were engaged either in herding or in agricultural production.

So what accounts for the protests in the late 80s?

The immediate trigger was the growing tension between the monasteries and the Communist Party. The government had expected the reforms to bring increased consumer spending, but in many cases people simply put the extra money they had towards rebuilding the monasteries. There was a big expansion in the number of monks, and in some rural areas there were more people going to monasteries than to local schools. The government was concerned at this growth, and also about the monasteries' funding: they received large quantities of donations which they did not have to account for. By the mid-80s, leftists in the CP were pointing to these developments as an example of Hu's liberal policies going wrong, and the government moved to restrict the number of monks and gain control of monastic finances. This created opposition, and it was the monasteries and conservative elements that were the main groups leading the protests in the late 1980s.

At the time, people were turning strongly to religion—something they were denied during the Cultural Revolution, but that they now had access to. There was a powerful impulse to fight for greater tolerance of religious practices. But the protests were also responding to changes taking place in Tibetan society under the reforms. There was a major debate at the time about the directions Tibet could take in the future—traditionalists believing that we must revert to time-honoured ways in order to preserve Tibet; younger, college-educated people feeling that it will only survive if we abandon such traditions, and seek a modernized Tibetan culture, creating new identities, new literature and art. In this view, it was Tibetan Buddhism and its traditions that had hampered the creation of a Tibetan identity that might have better resisted conquest and subjugation; and it was a new, stronger identity that was needed to overcome Tibet's current condition. This indigenous critique of the Tibetan past—a self-examination mainly proposed by the younger,

educated elite and writers—was seen by the conservatives as somehow a disguised attack by the Chinese on Buddhism. The two groups were not just divided by age, though: there were many young people who shared the conservative view. In general, those educated in the monastic community or through the traditional system were much more conservative than those who went to universities and colleges. These students did not join in the protests at all. Even now, many college-educated people tend to think the 80s protests were unnecessary—that the reforms were taking Tibet in the right direction, and the demonstrations did great damage in altering that course.

To what extent were the protests of the late 1980s stimulated from outside—by the Dalai Lama's addresses to the US Congress and European Parliament?

The 1980s were a sort of opening for Tibetans—those inside Tibet were allowed to travel to India and go on pilgrimages to see the Dalai Lama. They established new links with the Tibetan diaspora and political leadership, and became much more aware of the organized politics of the Tibetan question. At the same time, the Dalai Lama's speeches to the European Parliament and the US Congress gave them a sense that there was more support for the Tibetan issue in the international community than really existed. Western countries would make statements about some social issues, but their desire to engage China as it emerged from isolation in the 1980s meant that Tibet was never going to be a major obstacle for Beijing.

How would you characterize Chinese policy following the imposition of martial law in 1989–90?

There had been concerns within the Chinese leadership about the direction of the reforms: some felt Hu Yaobang's policies were too extreme and were undermining China's position in Tibet. When the monks' demonstrations began in the late 80s, the hardliners saw it as proof that more liberal policies had led to heightened Tibetan nationalism, encouraging demands for independence. The period from the imposition of martial law to the present has seen a dramatic change in how Beijing deals with Tibet. There were to be no more compromises; Tibet was to be brought under tighter administrative control, and its infrastructure integrated more closely with the rest of China. The Plateau had been isolated from China by poor roads and communications, and the PRC leadership believed that

the separate provisions made for Tibet in the 1980s accentuated its difference from the rest of the country. So the first policies adopted under Hu Jintao, Party Secretary of the Tibet Autonomous Region from 1988 to 92, were aimed at economic integration—establishing infrastructural links by building roads, opening the Qinghai–Tibet railway, improving telecommunications and so on. Billions of dollars have been spent on the development of the region since 1990.

This means that the Chinese government is to some extent justified when it says that the Tibet Autonomous Region can only survive through government subsidies. The Regional government cannot even raise enough money to pay salaries to its own employees; its ability to levy taxes is very weak at present. All the major infrastructural initiatives—railways, roads, power systems—have been dependent on injections of funds from the central government. This chronic dependence on the centre is one of Tibet's biggest problems—the region has no economic clout to negotiate with Beijing and has to follow its directives, because it is essentially the Central government's money that is paying for the Region's development.

Have there been any moves towards self-sustaining development—in industry, for example, or increased agricultural production?

This is one of the contradictions the Chinese government faces in Tibet. When you look at the statistics for government spending there, the vast bulk of the budget goes on infrastructure, and less than 5 per cent on agricultural development—yet even today, 85 per cent of the population is dependent on farming. This has to do with Beijing's decision to prioritize industrialization over agriculture; but it is also because the authorities see that Tibet has economic potential, which cannot be realized until the infrastructure is built. For example, Tibet has huge quantities of mineral deposits, but they are useless unless you have the means to exploit them. You can mine for copper, gold, silver and so on, but without further developing the railways it will be too expensive to transport them, making them unaffordable on the international market. So the Chinese government's long-term plan is to develop the mining industry, and in the last two years they have invited international mining companies to operate in Tibet. The idea is that, with the infrastructure and power systems in place, resource extraction will make the region

profitable. The real day-to-day needs of farmers and herders are not reflected in this planning process.

How much of the infrastructural development involves Tibetan labour?

The majority of the workforce in railway construction, for example, consists of Chinese migrants from poorer regions, such as Gansu and Shaanxi, where many farmers now do not have jobs. The Chinese government encourages them to go to Tibet as a way of letting off steam in these hard-pressed provinces, since if they remain it will create problems for the authorities there. For many people, going to work in Tibet is an opportunity to make a living for themselves: the regions they come from are in fact much poorer than Tibet. Generally, Tibetan farmers are far better off than most rural communities in China—the population is smaller, just under 6 million, and land holdings are much bigger. No one in Tibet will go hungry: people can produce enough for their own survival, although they may not have enough of a surplus to sell it on the market. But Tibetan farmers face another problem: what they produce, mainly barley and mutton, does not have much market value. For example, Tibet produces a great deal of barley, but it is actually cheaper for Chinese beer companies to buy it on the international market, from Canada or the US, than from Tibetan farmers.

How many incomers are there in the Tibet Autonomous Region at present?

This is a very complex issue, because the Chinese government has not produced any statistics on the number of migrants working in Tibet. The simple reason is that Chinese census data are compiled according to official place of residence, rather than where you are at the time the census is taken. Most of the migrants do not have permits to live there, and will instead be counted as living elsewhere in China; they are a floating population. The government also points out that many migrant workers in Tibet are seasonal—they go there to work in summer, and so could not be counted as permanent residents. But in any case, the census is only taken every ten years; the last figures are from 2000, and a lot has changed in Lhasa in the eight years since then. Change is so rapid and dramatic in China as a whole, the mobility of the population so great, that the figures we have are very unreliable. But it is certainly true that even to the casual visitor, Lhasa now feels much more like a Han city than a Tibetan one, in

terms of its population. Chinese migrants tend to be more numerous in urban areas, and used to be concentrated mainly in Lhasa; but now they have begun to penetrate into rural areas, opening restaurants or doing small trade as peddlers across the Tibetan Plateau.

How does the development of the Autonomous Region compare with the other Tibetan areas—in Qinghai and Sichuan, for example?

The Tibetan population in Qinghai and Sichuan is economically better off, because they are much more closely integrated with the rest of China, and they have more ways to supplement their income. The Autonomous Region also has the problem that there is very little border trade, from Tibet southwards to India and Southeast Asia. Historically, this was where Tibet's trade was focused, since its goods found much more of a market in South Asia than China. The nearest port is Calcutta, which is two days away, but if you go across the rest of China it is eight to thirteen days. So, for example, wool produced on the Tibetan plateau cannot be exported profitably today since it cannot travel southwards—the borders are closed. The India–China trade relationship is at present essentially based on maritime rather than land routes. The reason for this is that, despite some improvement in relations, the border dispute between the two countries has not been settled. It is partly a security question, but also, neither India nor China are quite sure what will happen if that region is opened to border trade—whether the Indian market will penetrate more forcefully into Tibet or vice versa.

How would you describe the political and cultural atmosphere in Tibet over the last decade?

The government's policy seemed to be that, as long as you did not talk about independence or human rights, everything was permissible. Many more magazines and newspapers started up, and the government allowed a lot of local, indigenous NGOs to emerge, which have been very effective in campaigning against poverty. Tibetan diaspora communities in North America and Europe were allowed to set up NGOs in their home towns, funding the construction of houses. The number of Tibetans going abroad to study—to the West, to Europe, to America—increased during the 1990s. There were more openings to the outside world. In that sense, it was quite a hopeful time.

Culturally, there have been two separate kinds of development. On the one hand, there has been a revival of traditional Tibetan culture and arts and crafts. On the other, a new practice is emerging of modern, figurative painting by Tibetan artists. There is a group of them in Lhasa who have established an artists' guild; they sell paintings and contribute to international exhibitions. There is nothing immediately Tibetan about their work; conservative elements in fact see it as somehow a rejection of Tibet, an imitation of the West—they do not see it as Tibetan art. But this is something new and vital in Tibet, produced by a younger generation whose outlook is very different from that of conservative elements in our society. Similarly in literature, the younger generation writing in Tibetan do not use traditional verse forms, but produce poetry in a free style, novels on new and different subject matter. Again, conservatives would not see this as authentically Tibetan unless it imitates an existing tradition. But for me, the emergence of modern Tibetan literature—novels, short stories and poetry, from 1980 onwards—is a very exciting development, expressing much more of what is happening in Tibet, the desires of ordinary people and the region's possible future direction, than various forms of political protest or movement. There are also a number of Tibetan novelists who write in Chinese, and since 1985 these have gained a real literary presence in China. The most famous is Alai, whose *Red Poppies* appeared in English in 2002; there is also Tashi Dawa, referred to as the García Márquez of China for his introduction of something like a magical realist style. Those who write in the Tibetan language, of course, do not have such a high profile. It is a similar situation to that facing Indian writers—if you write in English you have access to a world market, but if your work is in Hindi far fewer people tend to know about you.

For the traditionalists, what is important is the cultivation of the past; they see the continuation of traditional forms of art as vital for maintaining Tibetan identity. All over Tibet, such forms have re-emerged in painting and crafts, and are still very popular. They are popular in China as well, despite the recent patriotic fervour and hostility towards Tibetans. Since around 1980, interest in Tibetan culture and traditions has been growing there. Tibet is seen as being quite other, and having unique characteristics that China has lost. Its attachment to traditional forms of dress, painting and ways of life is seen as admirable. Many Chinese writers and artists have travelled to Tibet and drawn inspiration from it, as an example of how to live in harmony with nature. In fact,

a much more romantic view of Tibet has emerged among the Chinese population than in the West.

There has also been a flourishing of modern Tibetan historiography, including oral history projects on rural life, as well as recording proverbs and popular folk songs. There has been a lot of biographical writing, and some very interesting memoirs written by Tibetan women, who of course are always left out of the traditionalist conservative accounts; in Tibetan schools in Dharamsala, the history textbooks stop at the 10th century. In fact, I was attacked for dedicating *The Dragon in the Land of Snows* to my wife, instead of to the Dalai Lama. I am currently working on a historical project on banditry. There is almost a Wild West element to Tibetan history: travellers across the vast Plateau would be attacked and robbed by bandits. There are many oral sources and other accounts, and I am looking into who these people were—seeing them not as negative characters, but more along Eric Hobsbawm's lines, viewing banditry as a form of social protest. People often became bandits after running away from traditional Tibetan society, from feudal law. According to the master narrative they were bad people, but almost all of them were actually resisting local rulers or governments. When you identify who they were and what happened to them, you often find these were marginal groups in Tibetan society.

Is Tibetan still the official language in the Autonomous Region?

According to the constitution, the regional language of education and administration in the TAR should be Tibetan, but this has not been implemented in practice. The reason is that the leadership of the CP in Tibet, the party secretaries and undersecretaries, are all Chinese and do not speak Tibetan. In terms of education, in rural areas this is carried out in the native language, but in urban areas, and especially in Lhasa, there is an increasing use of Chinese in schools; at university level, courses in Tibetan literature and history are taught in Tibetan, but otherwise everything is taught in Chinese. This is not necessarily a matter of government policy: many parents prefer to give their children a Chinese-medium education, simply because in the long run they will have better job opportunities, and because the majority of Tibetans in further education—at present there are nearly 3,000 new graduates per year—tend to go to universities elsewhere in China. There are also now the so-called 'inland schools': boarding schools for Tibetan children, who

are recruited in Tibet and then sent to schools scattered across China—some of them as far away as Liaoning and Fujian. The ostensible reason they are not in Tibet is that the government cannot recruit enough teachers there, nor persuade qualified teachers from elsewhere to go to the Autonomous Region; it is also a way for the more developed coastal provinces to meet their obligations to aid the poorer ones, by paying for these schools to be built in their own area. This is part of an attempt to foster a sense of ‘national unity’ and loyalty to China. Of course, some Tibetans and outsiders see it as a sinister ploy, comparable to the way the British, Canadians and Australians tried to Christianize the natives by sending them to boarding school. Teaching in the ‘inland schools’ is almost all in Chinese, and the education is very good. But Tibetan students tend to come out of them much more nationalistic—on blogs and websites they are often the ones leading complaints against the Chinese government, for depriving them of their cultural identity and their language.

How has the language itself changed since the 1950s?

A new standardized literary Tibetan has emerged, much closer to colloquial language, along with a simplified writing system—the idea being that it should be easier to communicate with all those who are literate. But in everyday speech, there has also been an increasing use of loan-words from Chinese. A PhD student at Oxford was researching ‘code-switching’ in Tibet, where people would vary in their use of Tibetan and Chinese depending on the context, and he found that on average, 30 to 40 per cent of Lhasa Tibetans’ vocabulary is borrowed from Chinese. In general, now that fewer Tibetans are studying the language at a high level, the standard has declined. But it would be a serious mistake to think that it is disappearing. In fact, since 1985 Tibetan-language publishing has been flourishing. There are two newspapers in Tibetan, the *Lhasa Evening News* and *Tibet Daily*, and numerous journals and magazines have appeared, both in the Autonomous Region and in other Tibetan areas. In part this is because each province is required to have a literary journal, and under the PRC’s constitutional provisions on the right of association, in Tibetan areas there must also be Tibetan-language publications. Not only the TAR but also Qinghai and Yunnan have Tibetan literary journals, for example. Up until about 1995 these had large readerships—*Tibet Literature* used to print 10,000 copies, and because it was well subsidized it was distributed freely to schools and universities, and to anyone who wanted a copy. But state subsidies

have gradually been reduced or withdrawn, and these journals are now required to make money. *Tibet Literature* today prints something like 3,000 copies, and people have to pay for it.

The same applies to books: the withdrawal of subsidies has meant the price of books has gone up tremendously, making it difficult for Tibetan-language publications to break even. In the 1990s there was a real renaissance of Tibetan publishing, driven in part by the reprinting of more or less every title ever published in Tibetan, since the 7th century. That initial wave seems to have ended, and the lack of funding means writers have to seek patronage or pay for publication themselves. For example, a novelist writing in Tibetan might have to pay the publisher 10,000 yuan (\$1,400) to get his book printed; he would then be given half of the 3,000 print run and told to sell it himself. I have seen other cases where a village boy becomes a poet, and the village will club together to pay for the costs of printing his poems; other times it will be a local businessman who sponsors the edition.

What about television and radio?

There is vibrant television programming in Tibetan, but people tend to prefer watching Chinese shows, simply because Tibetan-language production is very small-scale, and seems to be much more heavily controlled and censored than the wealth of new Chinese channels that are available. This is also true of print media: none of the Tibetan-language journals or magazines are independent—they are all produced under the auspices of different government offices. Now that more and more people in Tibet are competent in Chinese, they have much more choice of what to read, and will turn to the huge variety of Chinese magazines. To a certain extent, this choice of language that people now have is responsible for a decline in readership of Tibetan publications.

What has been the evolution of the monasteries since the late 1980s?

New restrictions were imposed on the number of monks allowed in monasteries, and anyone wanting to become one had to seek permission from the county-level authorities; under the law, you have to be eighteen or over to become a monk or join a monastery. But no one pays the slightest attention to these restrictions. Anyone who goes to Tibet now will see hundreds of youngsters in the monasteries. The government

found itself caught in a dilemma: if it forcibly implemented its own policies and removed these children, it would have a wave of protests on its hands. So as long as the monasteries did not actively engage in politics, the government was willing to turn a blind eye to the situation. But relations between the monasteries and the Chinese authorities deteriorated after 1995, when the Chinese leadership insisted on selecting their own 14th Panchen Lama, disregarding all the wishes and conventions of Tibetan Buddhists. This has had a lasting effect.

As for the number of monks and nuns, it is quite complicated because the government only issues statistics covering those who have permission to be in the monasteries. Officially, the figure is 120,000 in all Tibetan areas, including 46,000 in the TAR. But the real number including those without permission is far larger; I would estimate the total at 180,000. The fact that the numbers are so large in some ways also reflects the economic changes that have taken place. Monasteries do not receive money from the government; they are totally dependent on alms given by the local community and pilgrims. With the economic reforms of the 1980s, people became wealthier and gave them more money. Economic success helped to generate the revival of the monasteries.

Is there any social distinction between the children who go to monasteries for their schooling, as opposed to public schools?

It is mainly children from rural areas who go to monasteries, whereas very few urban families will send their children to them. There are two reasons for this. Firstly, rural families tend to be much bigger, so parents will often send a child, or even two, to a monastery, and still have several at home; whereas urban families only tend to have one or two children at most. The second element is that people in rural areas are, broadly speaking, more conservative in their outlook and view of traditional Tibetan culture.

The fact that monastery schooling was free also became an important factor in the 1980s, when state provision of education was largely abandoned as part of the turn to the market. Across China, people were now supposed to fend for themselves in every area. School budgets were devolved to provincial governments and to the county level; these did not have enough money to run primary and secondary schools, so although education was supposed to be free, all kinds of fees were levied—for

textbooks, uniforms and so on—as a way of raising funds. In Tibet, many farmers could no longer afford to send their children to school. And because agricultural production had been privatized, in farming areas many parents kept their children at home—they needed them to work in the fields and increase their output, which was more urgent than getting them educated. School attendance had been compulsory during the Cultural Revolution and the earlier 'leftist' period, and literacy increased as a result. After 1980, there was a visible drop in the literacy rate.

In these circumstances, the monasteries acted as an alternative source of education. This was not just because they did not charge fees, as the public system had begun to do; parents also felt that the monastic tradition had collapsed during the upheavals of the Cultural Revolution, and that they could contribute to its revival by sending their sons or daughters to a monastery or nunnery. It was seen not only as a way of getting an education, but of helping to regenerate Tibetan culture.

What about the health-care system—do the monasteries provide an alternative here too?

As in the rest of China, since the turn to the market, medical care in Tibet is no longer free. In many cases it has become extremely expensive: relatives of mine in Lhasa recently said it would cost them as much as \$15–20,000 to get treatment—ten years' salary for a normal family. The Lhasa area has quite good, well-equipped government hospitals, but the cost has prevented most people from using them. The monasteries tend to have a doctor trained in traditional medicine, who may have a look at patients in exchange for payment in kind—a basketful of eggs or a leg of mutton. These practices have been very popular, again because there is no fee.

Judging by Western reports, there seem until recently to have been fewer social protests in the Tibet Autonomous Region than in many other parts of rural China over the past decade.

This is true to some extent. But one has to remember that Tibet is not like the rest of China, much as Northern Ireland is not like the rest of Britain. Because of the demonstrations that took place in the late 1980s, the level of police surveillance and control is far higher than in other areas of China.

How would you compare the protests that began on March 10th this year—the 49th anniversary of the 1959 rebellion—to those of the 1980s?

The first distinctive feature of the 2008 protests is their geographical spread—they seemed to take place simultaneously in almost all the areas where Tibetans live. I think the reason for this is the use of mobile phones and text messaging to spread news and mobilize for demonstrations; in China, it is a far more popular means of communication than the internet or email. It is noticeable that very few protests took place in Western Tibet, where there is no mobile phone network in operation, whereas many took place to the East and in regions on the borders of Sichuan and Qinghai, where the system is well developed. These demonstrations erupted within a matter of days, after the initial March 10 monastery protests were put down by the police.

Second, there is a major social difference: the 1980s demonstrations were essentially led by the monks, but this time the protests involved groups from across Tibetan society. There were schoolchildren, students, intellectuals, city workers, farmers, nomads—as well as Tibetan university students in Beijing and other cities. This level of involvement from different sectors of Tibetan society was unprecedented.

How many people were mobilized in these protests?

It is very hard to say how many people took part. The Chinese government say they detained over 6,000 people, which shows that the demonstrations were very intense, and involved large numbers of people. But they have also been sustained at a very high level for several months—they are still going on now, in mid-May—despite the repression. From the start, tear gas and baton charges were used against the protesters. The monasteries were surrounded by riot police. Armed forces were sent into Lhasa on March 15; prisoners were paraded through the streets in military vehicles the following day. But protests continued despite the mass arrests—there were student sit-ins in many schools and universities, and demonstrations outside government offices in Gansu, Qinghai and Sichuan. A 'Most Wanted' list was issued daily from March 19, Chinese websites published pictures of 'wanted' Tibetans, and China Mobile sent a text message to all its users in Tibet asking the public to send any information on those participating in the protests. In a March 23 Xinhua report from the Gannan TAP in Gansu province, there were said to be

'serious protests' at the administrative buildings of some 105 county- or city-level work units, 113 town-level work units and 22 village committees. The protests included Maqu, Xiahe, Zhuoni, Hezuo and other counties and cities. The best reports on all this were on Woesser's blog; they are translated into English on the *China Digital Times* website.

Was the issue of Tibetan nationalism the overriding one, or were some of the protests focused on economic or social issues?

People talked about many things, but if you look at the slogans and banners the protesters were carrying, there was no explicit demand for independence; I think the main issue was getting China to allow the Dalai Lama to come back to Tibet, as well as human rights. It's true that the protests in Lhasa were against the Chinese government and the Party, but also against ordinary Chinese people who have settled in Tibet—Chinese shops were burnt, ethnic Chinese were beaten. But it was really only in Lhasa that this took place. In other regions the demonstrators rushed to government offices or Communist Party headquarters, taking down the Chinese flag and hoisting the Tibetan one, ransacking official buildings; there were very few attacks on ethnic Chinese. The reason they were the target of public anger in Lhasa and not elsewhere is that the disparity between the migrants' success and the status of the indigenous is so glaringly obvious there—the Chinese own hotels, shops, restaurants, and are therefore much more visible. In rural areas, by contrast, the economic disparity between Tibetans and Chinese is minimal, so there was little resentment based on economic grievances. There are, of course, tensions between Tibetans and outsiders: in eastern Tibet, for example, farmers supplement their income in summer by collecting mushrooms, medicinal plants and *yartsa-gunbu*—the caterpillar fungus, much prized in traditional Chinese medicine. Now many Han migrants are also going into the hills to harvest these things, and though the government has tried to restrict this by charging them a fee, the profits are still large enough for them to continue. Locals object to what they see as the indiscriminate way the outsiders collect the mushrooms and fungus, claiming they are doing long-term damage to the pastures. This competition over resources has become more intense in recent years.

But personally I do not think the demonstrations were principally to do with economic disparities or disadvantages suffered by Tibetans. Rather, I think these were defensive protests, concerning questions of national

identity. Beijing interpreted the 1980s protests as not just stemming from religious differences, but as the expression of a separate Tibetan identity. Under Hu Jintao, as TAR Party Secretary, policies were targeted against any manifestation of national identity politics; even demands for Tibetan language rights were tarred with the mark of nationalism and separatism. Every Tibetan's loyalty to China was questioned. Everyone became a suspect. The campaign against separatism also became an excuse for clamping down on dissenting voices—within the Communist Party, anyone who opposed a government directive was often accused of being a separatist. But the policy backfired. The Chinese government became unable to distinguish between those who did actively oppose its policies and the rest, and so succeeded in creating a gulf between the government and the whole Tibetan population. The effect was to unify Tibetans, much more than would have been the case if the monastic community alone had been targeted. Indeed, the recent protests have expressed a much more unified nationalistic sentiment than those of the late 80s. The scale of Han immigration has also been a significant factor. Throughout their history, Tibetans on the Plateau have always lived in homogeneous communities, but this is no longer the case—they feel much more acutely than ever before that this land is no longer exclusively Tibetan terrain.

March 24 also saw the start of the Beijing Olympics torch relay in Athens, where there was a token protest, followed by high-volume pro-Tibetan and pro-Chinese demonstrations along the torch's route in London on April 6, Paris on April 7, and San Francisco on April 9; and demonstrations against Carrefour supermarkets and CNN TV in the PRC. Since Berlin in 1936, the Games have been a byword for profiteering and political spectacle—what part has Olympomania played in the Chinese and Tibetan mobilizations this year?

The Beijing Olympics were definitely an important element in the 2008 protests. The fact that there would be this spotlight on China internationally is crucial to understanding why similar protests did not happen previously. Both Tibetans within the PRC and exiled political groups understood the importance of the Olympics to the Chinese government, and sensed an opportunity to make a statement, to make their voices heard. In certain symbolic ways, China also politicized the Games, seeing them in part as a way to advertise to the world its ownership of the Tibetan Plateau—hence the plan to take the torch up Mount Everest and the adoption of the Tibetan antelope as one of the mascots for the Games. In

that sense, both the Tibetan protesters and the Chinese government saw this as an important moment to highlight Tibet, for different reasons.

Nevertheless, when China first lobbied to host the Games, I think they naively assumed that they were not going to be the focus of protest. But since their inception, the Games have always been a source of international tensions. In every one there has been some degree of confrontation—the Israelis and Palestinians in Munich in 1972, the boycotts of the Montreal, Moscow and LA Olympics in 1976, 80 and 84. All of them have involved a huge political gamble for the host country.

How would you characterize the political spectrum of the pro-Tibet movement outside China, and its relation to Western governments' policies?

The participants in protests in the West are quite a diverse set of people—not necessarily Buddhists or Tibetophiles. Pro-Tibetans tend to come from traditional middle-class, left-of-centre or liberal groups; in the 1970s and 80s they might have been involved in solidarity with the ANC, CND, Greenpeace and so on. The human-rights organizations have also shifted their focus: in the 1970s and 80s, Amnesty and Human Rights Watch were more concerned with what was happening in Eastern Europe and the Soviet Union, and China did not figure much in their reports. Now they have directed their attention more to China, and Tibet as an underplayed concern. But I would separate Western government policy from popular sentiment. Most Western governments are essentially very pro-China. This is mainly connected to economic questions: Beijing and the West are in broad agreement on matters such as developing market economies, privatization and the globalization of trade. Since these governments' primary objective is to integrate China into the global economic order, the issues of human rights and Tibet are very much secondary for them.

By the same token, internet claims in the US and China that the Tibetan protests were engineered by Western NGOs, funded by the US National Endowment for Democracy, are wide of the mark. There are Western-funded NGOs in China—for example, the Trace Foundation, which supports health and education projects in Tibet—but the CCP obviously carries out rigorous security assessments of them. Trace is well known for distancing itself from any anti-government groups or activities, which is one of the reasons why it has been able to operate in the PRC

for decades. In fact it is often accused by pro-Tibetan lobbyists of being too supportive of China.

Tibetan exile groups in India do get NED funding, but that does not translate into an ability to mobilize in the PRC. There is a huge social and cultural gap between Tibetans in India and those in the TAR, illustrated even by their taste in music. Tibetans inside Tibet are comfortable with Chinese pop, while Tibetans in India prefer Bollywood. When Dadon, Tibet's biggest pop star at the time, defected from Lhasa to India in 1995, she was shattered to find that there was no audience for her music. She was virtually unknown, and the exiles accused her of singing Chinese-style songs. Even when the two communities meet in the West, there is often little interaction between them. The exiles in India sometimes see themselves as the 'true' representatives of Tibetanness, and the Tibetans inside as merely passive, oppressed victims—a patronizing attitude that does not go down well in Tibet. The largest exile organization in India is the Tibetan Youth Congress, most of whom were born in India. They have thoroughly absorbed India's long—and valiant—tradition of protest, and lead highly vocal demonstrations on the streets of Delhi, Paris and New York. But they have no means of projecting their words into actions inside Tibet itself.

One external influence that has had a significant effect on Tibetans was created by the Chinese authorities themselves. Their insistence on imposing their own selection as 10th Panchen Lama succeeded in antagonizing all the monasteries, even those which had previously supported the government. The Party then declared a patriotic education campaign, demanding that the monks and lamas denounce the Dalai Lama. The result was to drive into exile some of the most senior lamas, including the Karmapa and Argya Rinpoche from Kumbum (Ta'er) Monastery, who had often acted as moderate voices and Party mediators in the past. The pro-independence demonstrations in the 1980s did not spread much beyond Lhasa because most lamas were ambivalent and used their influence to restrain their followers. In 2008, almost all areas where protests occurred were in places where the senior lamas had left Tibet. There is a constant flow of devotees from Qinghai and Sichuan to the new monasteries these lamas have established in India; but most of their funds come from Chinese supporters of Tibetan Buddhism in Hong Kong, Taiwan, Malaysia and Singapore. If the Chinese authorities

want to point to a plot, it would have to be a Kuomintang conspiracy, not a Western one.

But the main outside influence on Tibetans is the Tibetan-language broadcasting on Voice of America since 1991, and Radio Free Asia since 1996. Again, it is not a question of clandestine organization; these services simply provide a source of news and ideas in a society where people are starved of alternatives. Because there is no independent news media, and people are automatically very suspicious of what they hear or read in government sources, they tend to turn to Voice of America and Radio Free Asia for their information. The two stations report on all the Dalai Lama's trips abroad, and on the activities of the exiles in India, giving Tibetans quite international and politicized coverage; the stations are very popular in Tibet, which helps to create a certain climate of opinion there. The Chinese government tries to jam the signal, but people somehow manage to listen to them.

What is the current state of repression in the Tibet Autonomous Region?

At the moment the situation is very bad. Because of the number of people involved in the demonstrations, and because they cut across all classes, the government cannot target one particular group, such as the monasteries; it seems that they have to target everybody. The authorities are trying to exert control at every level of the community, in a way that reminds many people of the Cultural Revolution. It is not only those who have been detained that are subject to punishment—the government is holding meetings in primary and secondary schools, in colleges, government offices, where everyone has to write self-criticisms; so do Tibetan students at university in China. The Tibetan population as a whole is bearing the brunt of this campaign.

How would you characterize the recent wave of Chinese nationalist sentiment, in response to the Tibetan protests—would you say it marks a watershed in the mentality of the PRC?

This is very interesting. The Chinese nationalism currently exhibited on the internet and abroad is essentially a middle-class phenomenon. It is strongly expressed by those who are the main beneficiaries of China's economic success, and who are most conscious of the country's global standing. They are also more exposed to what is happening outside. They

feel that, for them, the reforms are going in the right direction; they are afraid of anything that will hamper China's economic advance. But there is a great divide between coastal and inland areas in China. You do not find nationalism of this kind in the poorer provinces—in Gansu, Qinghai or other areas—where people have not benefited from the current policies. Then again, the terrible earthquake in Wenchuan on May 12 shattered the confidence in the Chinese state that many people had been expressing only weeks before. Simple questions are being raised about why school buildings collapsed but luxury hotels and private firms did not. There is much more discussion, new questions are being asked about China.

There is a debate among China scholars as to whether the upsurge of patriotic fervour that accompanied the Tibetan protests was engendered by the government, or whether it arose spontaneously from society. There are strong arguments on the side of those who claim it was engineered and manipulated by the government, since the state has evidently been involved. For example, any differing views posted in internet forums were almost immediately deleted, and people expressing them in chat rooms were shut out. Others argue that this nationalism arose not from within the PRC, but from outside, among Chinese overseas students, and travelled into China from there. Certainly, many of those studying in Europe or North America are much more mindful of recent changes in the PRC, and have clearly benefited from the reforms. They feel that the criticisms made are not accurate, and that Tibet has in some sense been used as a stick with which to beat China. They ask why protests in Tibet have got so much attention in the international media when similar protests happen every day in China, without being highlighted. There is some truth in this; but still, the geographical scale of the Tibetan protests is unprecedented.

I should also say that there is intense diversity within China—it is not as homogeneous as it might appear. Over three hundred intellectuals signed a petition circulated by Wang Lixiong criticizing the government's response to the unrest in Tibet and appealing for dialogue.¹ There were similar articles appearing in a range of publications. A group of Chinese lawyers announced that they would go to defend the Tibetan detainees; these people are risking their livelihood—the government

¹ An English version was published as 'Twelve Suggestions for Dealing with the Tibetan Situation, by Some Chinese Intellectuals' in the *New York Review of Books*, 15 May 2008.

is threatening not to renew their licences. This is not what the media highlights, of course. Many of these dissenting voices were not heard amid the patriotic fervour.

Have there been any attacks on Tibetans in Beijing or elsewhere?

The Chinese authorities have actually taken great precautions to make sure this does not happen, because they are worried that there will be major repercussions. There are about 5,000 Tibetans in Beijing, and according to my own relatives there, there have been no attacks at all.

How do you see Tibet-China relations developing, over the next months and in the longer term?

In the immediate future, the Chinese leadership faces two problems. One is related to the Olympic Games, and to international as well as Chinese opinion. Beijing cannot be seen within its own country to be weakening under the pressure of international criticisms—to be forced into compromise because of protesting Tibetans. So the government needs to present an image of unity and strength, both internally and to the world at large. The second problem concerns President Hu Jintao and his followers. Hu came to national prominence as Party Secretary in Tibet, and is credited with ending the 80s unrest as well as successfully integrating Tibet and the whole western region with the rest of China. Tibet is intimately connected with Hu's leadership—and therefore the leadership of the CCP. A number of people in high positions made their names through their work in Tibet. Almost all the top figures in the Party today were Hu's underlings during his tenure there: Wang Qishan, the present mayor of Beijing, was his undersecretary, and Hu Chunhua, the last head of the Communist Youth League—an important office, held at some stage by almost all Chinese presidents—and now acting governor of Hebei province, was also a former secretary of Hu's in Tibet. Now these people's successes are being criticized, and Hu Jintao's credibility as a capable leader is being put into question. Within the Party, discussions are taking place as to whether Hu will save himself by dismissing some of those he promoted, or whether his entire entourage will come under attack. Meanwhile Wen Jiabao, the Premier, has made a number of speeches seemingly making a concerted approach to the Dalai Lama. But everything now hinges on the Olympics. Until then the government is paralysed—if they take any action before the Games

it will bring doubts and uncertainty, and I think they will wait until they are over before making any major changes.

In the longer term, one has to understand that one of the Communist Party's strongest claims to legitimacy today is that it unified China territorially and made it strong. This has great power among the Chinese population. The Party therefore cannot afford to make any concessions on sovereignty with regard to Tibet, since any compromise would weaken the Party's legitimizing appeal. For this reason, I do not foresee the Party making any major policy changes after the Olympics.

If Tibetans could articulate them freely, what would their essential demands be?

One of the biggest grievances is that the Chinese authorities equate any expression of Tibetan identity with separatism. The government seems to think that if it allows any kind of cultural autonomy, it will escalate into demands for secession. This is something the government has to relax. In Tibet, everything from newspapers and magazines to music distribution is kept firmly under control, whereas all over China there are increasing numbers of independent publishing houses. The joke in Tibet is that the Dalai Lama wants 'one country, two systems', but what people there want is 'one country, one system'—they want the more liberal policies that prevail in China also to apply in Tibet.

AFTERWORD ON TSERING SHAKYA

Tsering Shakya was born in Lhasa in 1959. His father, the headmaster of a small Tibetan-language private school, died while he was still a child. The family was divided by the onset of the Cultural Revolution: an older brother and sister were strongly committed leftists, while another brother was imprisoned for opposition to it. In 1967, his mother left for Nepal with Shakya—her youngest child—and her other daughter. Shakya attended a Tibetan school in the northern Indian town of Mussoorie for several years; in 1973, he won a scholarship to a boarding school in Hampshire, and then continued his studies at the School of Oriental and African Studies in London. Between 1983 and 1990 he worked on anti-racist campaigns with Labour-run municipal councils in London. During the 1990s Shakya produced his outstanding history of Tibet since 1947, *The Dragon in the Land of Snows*, published in 1999. He also translated the autobiography of Buddhist monk Palden Gyatso (*Fire Under the Snow*, 1997), and co-edited the first anthology of modern Tibetan short stories and poems (*Song of the Snow Lion*, 2000). He now teaches at the University of British Columbia in Vancouver and is currently working on a study of modern Tibetan literature.

In 2002 *NLR* published an exchange between Shakya and the Chinese dissident writer Wang Lixiong—a discussion that broke taboos on both sides. In 'Reflections on Tibet' (*NLR* 14), Wang emphasized Tibetan participation in the Cultural Revolution, and sought to explore the paradoxes of PRC rule in the region. Shakya's response ('Blood on the Snows', *NLR* 15), by contrast, foregrounded recurrent Tibetan resistance to Beijing, and the colonial nature of the latter's dominion over the Plateau.

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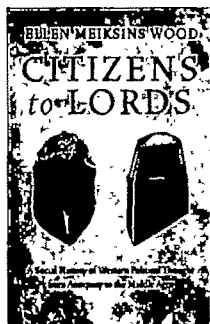
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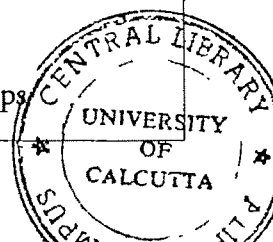
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INTRODUCTION TO BENJAMIN

1940 SURVEY OF FRENCH LITERATURE

Completed in Paris six months before his death, Walter Benjamin's final report to Max Horkheimer on the literary situation in France is published here for the first time in English. It was the third 'literature letter' that Benjamin had drafted for the Institute for Social Research in New York; the earlier two (3 November 1937, 24 January 1939) can be found in the *Gesammelte Briefe*. Almost twice as long as these, the Survey of 23 March 1940—Hitler's troops would take Holland six weeks later—was composed during the same months as 'On the Concept of History'. Benjamin's personal situation was precarious: his health had not recovered from his internment as an enemy alien in Autumn 1939; back in his tiny Paris apartment, he worked in bed because of the cold.

Benjamin's 'apologies' to Horkheimer for the difference between this text and his last may refer to the political and intellectual vistas of war-torn Europe it provides, which open out far beyond the pages under review. It contains perhaps his most direct reflections—via Spengler—on the Hitlerite mentality. If the tone recalls the 'almost Chinese' courtesy that Adorno remarked in Benjamin's correspondence, his sensitivity to the Institute's reactions was well grounded. The *Work of Art in the Age of its Technological Reproducibility* and his great essay on Fuchs had been published in its journal shorn of their Marxian passages; Benjamin had only learnt while in the internment camp that his 'Baudelaire' would finally appear, after the virtual rejection of its first version by Adorno the year before. To comply with Horkheimer's request for a further report, he set aside a planned comparison of Rousseau's *Confessions* with Gide's *Journals* ('a historical account of sincerity'), and his Baudelaire: 'closest to my heart, it would be most damaged if I had to stop after starting it again'.

It is not clear why the Institute never sought to publish the 1940 Survey. It was not included in Scholem and Adorno's 1966 collection of Benjamin's Correspondence, nor in the five-volume *Selected Writings* published in English by Harvard University Press. It first appeared—in its original French—only in 2000, in Volume VI of the *Gesammelte Briefe*. Yet the text stands as a striking valedictory statement on the themes central to Benjamin's mature work: Paris, now 'fragile' under the threat of war, its clochards signalling the vaster tribe of Europe's dispossessed; the twilight of Surrealism; and the vocation of cultural theory as material social critique.

WALTER BENJAMIN

1940 SURVEY
OF FRENCH LITERATURE

Paris, 23 March 1940

Dear Monsieur Horkheimer,

IT IS OVER a year since I sent you my last résumé of French literature. Unfortunately it is not in literary novelties that the past season has proved most fertile. The noxious seed that has sprouted here obscures the blossoming plant of belles-lettres with a sinister foliage. But I shall attempt in any case to make you a florilegium of it. And since the presentation that I offered you before did not displease, I would like to apologize in advance for the ways in which the form of the following remarks may differ.

I shall start with *Paris* by Charles Ferdinand Ramuz—the last portrait of the city to appear before the War.¹ This is far from being a success. But the reader will find here certain interesting features, in that they reveal the distance that the portraitist takes from his subject: the city. A distance on three counts. Firstly, Ramuz has hitherto concentrated on tales of peasant life (of which *Derborence* is the most memorable). In addition he is not French but Vaudois, so not just rural but foreign. Finally, his book was written when the threat of war had begun to loom over the city, seeming to lend it a sort of fragility that would prompt a retreat on the part of the portraitist. The book came to prominence through its serialization in the *Nouvelle Revue Française*. The author still holds the stage, as he seems to be becoming the NRF's accredited chronicler of the War. The March issue opens with his 'Pages from a Neutral', presented as the start of a long series of reflections.

Ramuz's language bears traces of the hold that Péguy must have exercised over him. It offers the same cascade of repetitions, the same series of minimal variations on a given phrase. But what in Péguy recalls the movement of a man driving in a nail by successive hammer strokes, rather suggests, with Ramuz, the gait of an individual interminably repeating his steps—like those neurotics who, when they leave the house, are obsessed by the idea of having left a tap running or forgotten to turn off the gas. A recent critic has rightly emphasized the tenacious anxiety of Ramuz. In other words, one will not be expecting certainty, trenchancy or established conviction from this author. The drawbacks of such an approach are obvious; but it is not without certain advantages. Ramuz is a relatively unbiased spirit. He proved this five years ago with his book *What is Man*, an interesting attempt to get to the heart of the famous Russian experience, which displays the same hesitations that are so striking in 'Pages from a Neutral' and in *Paris: Notes by a Vaudois*.

As to the latter: the first chapters, which tell how the 'little Vaudois' established himself in Paris around the beginning of the century, may be simply signalled in passing. Ramuz describes with great acuity the developing consciousness of the young provincial whose Parisian isolation makes him aware of his essential solitude and difference. Moving on to the theoretical notes in the second part of the book, a few samplings will suffice to bring out the characteristics noted above. Ramuz writes:

To me it seems false . . . to condemn the civilization of the great cities in the name of nature, or the other way round, since both of them exist, both are givens, both are a necessity . . . Far from preaching a 'return to the land', as so many do, I think it is the city (whether one deplores it or not) that will end up invading the countryside for good; by which I mean the ways of the city, the machine and the ways of the machine, for the city was the first to industrialize, but industry only represents man's grip upon the forces of nature, and there is no reason why this control should not gradually be extended to the entire universe (pp. 126–7).

This is in sharp distinction to the denunciations of the great city as a centre of disorder and disruption, sheltering that 'nomadic, floating and overflowing mass . . . corrupting by its idleness in the public arena, blown by the winds of factions, by the voice of whoever shouts loudest.' This was Lamartine, but the same alarm bells ring all through the century—in Haussmann, and later Spengler. It is no less surprising

¹ C. F. Ramuz (1878–1947): Swiss writer. [Footnotes by NLR]

to encounter Ramuz's account of the alleged eclipse of the prestige of Paris—the great city *par excellence*:

Paris, they assure us, is in the process of being surpassed. And I do not know whether these pessimists are right, but even if this is the case, and especially if it is, I for my part would only rejoice. For international Paris is perhaps only accessory, and perhaps it is precisely due to its international situation that Paris has forgotten that it was first of all the capital of a nation (p. 185). Paris has rather too much neglected to bear in mind that it was above all the first parish of France (p. 181).

You will understand, from this little internal debate, how greatly Ramuz seems designed by vocation for the role of Neutral. At all events, his gifts as observer and writer bring us some remarkable pages:

Paris no longer appears to us as simply a product of civilization, but also as the producer of an anti-civilization, in which man is debased below himself; for Paris has its tramps, it has its primitives, its stone-age men who for years have had no identity papers, who no longer even have names, who can neither read or write. The police pick them up on a raid, but get nothing from them and let them go. The police arrest them a second time, but what can be done with those who have definitively exited society? How else can they live unless as vagabonds? So the police let them go, and we see them roaming even on the boulevards, but completely alien to the surrounding crowd (pp. 131–2).

The reader can expand on such reflections in painful reverie: this wandering flock that Ramuz evokes has been enlarged by the war that has raged in Guernica, in Vyborg, in Warsaw.

Michel Leiris's book, *Manhood*, is also based on the biography of the author.² But what a different biography this is! Before going further, I would like to draw out what it has in common with other recent Surrealist publications. Particularly notable is a decline in the power of bluff: a power that was one of the glories of Surrealist actions from the beginning. This drop is accompanied by a weakening of internal structure and an unwonted textual transparency. This is due, in part, to the grip that Freudianism exerts over these authors.

Leiris is in his mid-thirties. He was a member of the Collège de Sociologie, which I wrote to you about at the time of its foundation. In civilian life

² Michel Leiris (1910–90), ethnographer, Surrealist.

he is an ethnologist with the Musée de l'Homme, at the Trocadéro. As for the personal impression he makes, you met him yourself in 1934 or 35, at a *soirée* at Landsberg's.³ It would be no exaggeration to claim that his book would have been the greatest success of the literary season if the War had not intervened. I think certain pages of his autobiography might interest you and will take the liberty of sending you the volume.

You will not suspect me of an excessive tenderness, either for the milieu from which this production emerges, or for the literary genre ('true confessions') to which it belongs. In fact the book rather reminded me of Chaplin's well-known gag where, playing the part of a pawnshop employee dealing with a customer who wants to pawn an alarm clock, he examines the object with distrust, then, to make sure, carefully takes the mechanism to pieces, finally putting all the parts in the customer's hat and explaining that he cannot see his way to granting a loan on such an object. I have been told that, when Polgar saw this film, he exclaimed: 'That's psychoanalysis, the spitting image!'⁴ Leiris's book, which the author explains was written after psychoanalytic treatment, may well trigger the same remark. It seems unlikely that a man who has been brought to list his mental assets so scrupulously can hope to produce future works. Leiris explains this clearly enough: 'It is as though the fallacious constructions on which my life was based had been undermined at their foundations, without my being given anything that could replace them. The result is that I certainly act more sagaciously; but the emptiness in which I dwell is all the more acute' (p. 167).

It is not surprising, after this, that the author should show little gratitude towards psychoanalysis: 'Though the modern explorers of the unconscious speak of Oedipus, castration, guilt, narcissism, I do not believe this is any great advance in terms of the essentials of the matter (which remains, as I see it, related to the problem of death, the apprehension of nothingness, and is thus a question for metaphysics)' (p. 125). This passage delimits the intellectual horizon of Leiris and his milieu. His judgement of the revolutionary impulses that he experienced at one point is thus only to be expected: 'I could not completely admit at that time that what triggered my anger . . . was not the condition that the laws of society have placed us in, but simply death' (p. 553).

³ Paul Ludwig Landsberg (1901-44). German philosopher.

⁴ Alfred Polgar (1873-1955). Austrian essayist; the remark also appears in Polgar, *Ja und Nein*, Hamburg 1956.

These positions, though they situate the book, would not in themselves have led me to bring it to your attention. The reason is rather that, for all our reservations, it must be admitted that the complexes recorded here are described with a remarkable vigour. If you will excuse a personal reference, I would say that the two dominant complexes, Lucretia and Judith, forcefully remind me of those colour plates that are to be found in certain books of the mid-nineteenth century. These were novels for *petites gens*, shop assistants or servants, and the illustrations were the work of anonymous artists. Plates with garish colours were covered with a coat of varnish that gave them an ambiguous glow. These illustrations (to which I consecrated my collector's passion for many years) belong to what can be called the folklore of the great cities. In Leiris's work this same folklore flows from places such as public swimming pools, brothels and racecourses. It is inspired by an eroticism that rejects socially acceptable forms and turns resolutely towards exoticism and crime. The author's depictions of the fortune-telling prostitute (p. 33), of Judith (p. 116), of the museum as a site of debauchery (p. 40) are gripping. I was not surprised to find, in two interlinked sentences, the same interweaving of purity and corruption that gives this popular imagery I mentioned above its terrifying charm. Leiris actually writes: 'I have always loved purity, folklore, all that is childish, primitive, innocent.'—And, immediately after: 'I aspire to evil because a certain evil is necessary to entertain me' (p. 110). Finally, I would like to signal to you two passages of philosophical interest: a theory of orgasm (pp. 65–6), and an erotic theory of suicide (p. 114).

Leiris's book shows how little the Surrealists are beholden to workaday Freudian orthodoxy. It goes without saying that it is the positivist rudiments of the doctrine that trigger their protests; but since any serious critical effort is foreign to them, they end up reintroducing metaphysical concepts into Freudian doctrine. This brings them closer to Jung. It is Jung to whom Bachelard appeals in his most recent book, devoted to the forefather of Surrealism, Lautréamont.⁵ This book is instructive for many reasons. Before outlining the three main aspects, I will conjure up the figure of the psychoanalytic sniper, as embodied in Adrien Turel. I do not know if you are familiar with the famous explanation of the *Divine Comedy*, or more specifically of the *Inferno*, whose nine circles, according to Turel, represent the nine months that the embryo spends

⁵ Gaston Bachelard (1884–1962): *Lautréamont*, Paris 1939.

in the mother's womb.⁶ That will give you a basic idea of the atmosphere of Bachelard's studies. For all that, the argument from which the book begins is solidly established.

Bachelard points to the preponderant role played by animals in Lautréamont's imagination. He draws up an inventory of the animal forms that proliferate in *Maldoror*. It is not, however, the bodily shape of these beasts that obsesses the poet, but rather their aggressive desire. Here again, Bachelard's exposition seems unassailable. He explains how disturbed Lautréamont is by various forms of animal aggressivity. He shows how these different manifestations are constantly transforming into each other. They present the elements of an interminable metamorphosis. This must be emphasized, in Bachelard's view, while taking into account the primacy of claw and muzzle as symbols of aggression. Among the living creatures of the earth, the ones that Lautréamont particularly identifies with, according to Bachelard, are those that swim and those that fly. (In fact the attempt is made to establish a kind of mystic identity between the two.)

It goes without saying that no elucidation of Lautréamont's poetry can succeed outside of a historical analysis. Bachelard's accommodation of a metaphysical concept of 'spirit' stands in total opposition to this. It is this concept—through which he reunites with Jung—that deprives him of any critical penetration, and which is finally responsible for a terminology both slovenly and pedantic. References to an 'essentially dynamic phenomenology' (p. 42), a 'psychism that is not only kinetic, but truly potential' (p. 174), sustained by a grandiloquent jargon—'the animal is a monovalent psychism' (p. 173), etc.—stud the text. Theorists such as Caillois, or 'the eager young philosopher Armand Petit-jean' (pp. 180 and 187) are appealed to as authorities. Nor is Klossowski's study on *Time and Aggression* forgotten. The book's methodological procedure, in other words, is far from promising. But before tackling the heart of his study, I would like to mention what is truly amusing about it—comic, even. And I am far from claiming that this comic aspect was not felt and intended by the author himself.

For Bachelard, Lautréamont's death at the age of twenty-four—as well as certain passages in his oeuvre—justifies placing great importance on

⁶ Adrien Turel (1890–1957): Swiss philosopher and psychoanalyst; see 'Dantes "Inferno" als Gegenwart und Wirklichkeit' in *Die Literarische Welt* 3, 1927.

the experience of the poet as a schoolboy. The pages where he brings out the deep-seated nature of the poet's cruelty—identified both with the severity of the teachers, and with the tortures inflicted by the older boys on those new to the class—are very welcome. Nor is Bachelard afraid to write that Lautréamont's drama is one 'born in the Rhetoric class' (p. 99). In a conclusion, he connects Lautréamont's famous 'Hymn to Mathematics' (model for Aragon's 'Hymn to Philately') to the very essence of this cruelty:

Severity is a psychosis; in particular, it is the professional psychosis of the teacher. It is more serious in the case of the mathematics teacher than any other, for in mathematics severity is coherent; its necessity can be demonstrated; it is the psychological face of a theorem (p. 126).

I confess that I find highly seductive the idea that this book, full of outrageous assertions, emerged from a classroom, like Athena from the head of Zeus. It is also backed up by quotations that show what a raging need for revenge his school years aroused in the poet: 'The classroom is hell, and hell is a classroom' (p. 101).

The third aspect that Bachelard's book offers is far and away the most interesting; it is also one that has completely escaped the author himself. To stay within the circle of psychoanalytic experience, his book might be compared with drawings that certain analysands provide to help explain their dreams. Psychoanalysts treat the drawings as puzzles (*Vexierbilder*) and manage to find in them images that correspond to the subject's latent preoccupations. Bachelard's book likewise has a latent content, of which he allows himself to be the dreamer, I would say.

Lautréamont's fundamental impulse, as Bachelard describes it—his 'Platonic violence' (p. 168)—suggests all-too-familiar features to the contemporary reader. But Bachelard is so unaware of the image these features compose that he is quite prepared to salute this new 'Platonism' as a philosophy of the future. His description of Maldoror's aggression can be summarized in four tropes. 'It is in the *dream of action* that the truly human joys of action reside. To act without acting, to leave . . . the heavy continuous time of practice for the shimmering momentary time of projects' (p. 197)—here is the first distinctive feature of his conception. From this it follows that violence demands a 'suspended time', to which Lautréamont 'knew how to give the temporal essence of *menace*,

of deferred aggression.' 'Whilst animal aggression is expressed without delay, and is candid in its crime . . . Lautréamont integrates the *lie* into his violence. The lie is the human sign par excellence' (p. 90). Here we encounter the third element of this unprecedented Platonism:

At the level of this violence, we always discover a gratuitous beginning, a pure beginning, an instant of aggression, a Ducassian instant. Aggression is *unforeseeable*, for the attacker as well as the attacked: this is one of the clearest lessons to be drawn from the study of Lautréamont (p. 184).

Finally, in the same order of ideas, this violence is essentially vindictive. 'What is striking in . . . Lautréamont's revenges is that these are almost never struggles against *an equal*. They attack the weakest or the strongest . . . they smother or they scratch. They smother the weak. They scratch the strong' (p. 80).

Bringing together these indications—scattered throughout Bachelard's analysis—the physiognomy of Hitlerite domination emerges with all the sharpness one could wish, like the figure hidden in the puzzle. Thus it should not be too much of an effort for Bachelard to grasp the insanity of his assertion that 'It is necessary to graft intellectual values onto Lautréamontism' (p. 199).

Reading these reflections, you will surely not accuse me of forcing the interpretation or seeing problems where there are none. And yet, to better explain the course that my thoughts have followed in such readings, I would like to interject a few words on a subject that has nothing directly to do with the present survey. I refer to Spengler's *Decline of the West*. Without dwelling on the circumstances that led me to consult this book, I simply want to let you know the devastating impression it makes on anyone who opens it for the first time in these months. I have had the opportunity to do so, as well as that of finding not the German text but only the French translation, which, by sacrificing its nuances, shows all the more sharply the book's key ideas. You are familiar with the work; I shall not repeat them here. The most I will say is that I found in Spengler a development of the idea of peace that is a perfect complement to Bachelard's analysis of violence: 'Universal peace is always a unilateral decision. The *Pax Romana* had one and only one meaning for the later military emperors and the German kings: to make a formless

population of hundreds of millions into the object of the will to power of a few small bands of warriors' (p. 266).

I do not flatter myself with making any new discovery when I say that a number of elements of the Hitlerite doctrine are ready to hand in this book. For example: 'It is from an entirely metaphysical disharmony of "feeling" that a racial hatred is born which is no less strong between French and Germans than between Germans and Jews' (p. 235). All this is too well known; the only thing that could perhaps detain us is that, when this second volume appeared in 1922, any decisive reaction on the part of the German Left seems to have been absent. The intellectuals, as always, were the first to acclaim the builder of their own scaffold.

Apart from all this, there is one element of the book whose meaning seems only to have surfaced at the present time. This concerns the very procedure of Spengler's thought, which seems to prefigure that of Hitlerite strategy. Spengler, without any deep knowledge of the subjects on which he prognosticates, refers to the most distant epochs with the sole purpose of integrating them into a performance—*Schau*—which constitutes, quite precisely, a speculative model for the *Reich*. This *Schau* is, in fact, expressly defined as a 'decree of blood' (p. 69). Any historical epoch can form part of its metaphysical 'living space', just as any territory can form part of the Reich's *Lebensraum*. The démarche in the physical world was thus preceded by a similar metaphysical procedure. Few books give a better sense of what is hideous and hateful in the claim of German profundity.

The poverty of the German intellectual milieux mentioned above is not without its counterpart in France. At the moment when the Hitler-Stalin *entente* has knocked away the whole scaffolding of the Popular Front, a book has appeared that provides evidence of the latter's intrinsic weaknesses. To be sure, one does not approach Eugène Dabit's *Intimate Diary* in any spirit of severity.⁷ The author tells his story without pretensions of any kind—neither literary: 'I speak here only of certain of my states of mind. And not always very clearly or deeply' (p. 342)—nor moral: no search for a position of advantage, or even an interesting attitude. There is, besides, the question of his fate: the author was cut down, not yet forty, by an illness contracted during his journey to Russia. All this makes for

⁷ Eugène Dabit (1898–1936): author of *Hôtel du Nord*.

a rather favourable disposition towards the book he left behind; but this inevitably evaporates in the course of reading. It is oppressive, and for reasons that, for the most part, necessarily escaped its author.

One cannot discount the fact that Dabit was a champion of the Popular Front, and one in whom the literary hopes of the movement were vested. Yet the first striking fact is the lacklustre colouring of his political memoirs. Interviews with men like Gide or Malraux; descriptions of meetings, such as the French writers' protest in support of those persecuted in Germany; allusions to the various cultural congresses—all lack precision, and above all any vibrant communicative power. As for the European upheavals that took place during the eight years that his *Diary* covers (1928–36), their repercussion here is almost nonexistent. The advent of Hitler, the Abyssinian war, the beginnings of the civil war in Spain, serve simply as backdrop to the stage occupied by the author's states of mind.

There is something typical in all this. The latest book by Guéhenno (*Diary of a 'Revolution'*) is further proof: a commentary on the Popular Front government, and far more resolutely oriented to political actuality, it is no less vague and adopts no decisive stance. André Thérive, the best-informed of French critics, judiciously wrote (*Le Temps*, 22 June 1939): 'M. Guéhenno sustains his confidence by his very defeats.' In Dabit's case, it is less a matter of confidence than of apprehension, derived from a tenacious fear of 'missing out on life'. It is true that he confesses this fear without any affectation. But could a more sophisticated presentation lend worth to such reflections as these?

It is life that I want to grasp, yet despite my attempts, all I retain is fragments. The fault is not entirely mine. Life erects too many barriers, in front of us and between us. Men and women are separated by them, by customs, conventions, etc. And then so many traps lie before us: a baby, diseases that are comically called 'venereal' . . . Too many obstacles! And life slips between your fingers (p. 296).

Complaints of this kind set the tone. Obsession with women recurs repeatedly, plaintive for the most part. Yet this is a man of thirty-seven. Most disconcerting of all is the insistence on the agony of war, which crops up like an *idée fixe*, no matter what the context. This obsession seems to have the function of draining any definite content from the political circumstances that fuel it. There is something sad in discovering that a man

whom one had imagined sturdy and determined to change the course of events, in reality latches on to the first philanthropist to come along.

Closing this long parenthesis, let us return to Surrealism with the last-but-one book by Jules Romain, Volume 17 of his *Men of Good Will: Vorge against Quinette*. Its subject is quite curious. In the second volume of his story, Romain had introduced Landru as one of his characters (under the name of Quinette).⁸ In Volume 17, he brings Quinette to the fore, while dissociating him quite unexpectedly from his original model. Quinette, in fact, is supposed to follow the Landru trial in the papers, and to find one of his own victims in the list of crimes imputed to Landru. It is around this time that a young Surrealist, Vorge, comes across Quinette, whom he alone sees in his true light, i.e. as the author of a series of murders, through a series of links that Romain cleverly constructs. It is only a short step from this to promote Quinette as the grand master of Surrealism, which Vorge cheerfully does.

The novel is a pleasant read. If I mention it here in particular it is because it provides grounds for thinking more about its author. (Another reason, of which I assume you are aware, is that Romain has been very active in support of the intellectuals in the detention camps. He was intervening on my behalf when I was released.) Two questions may be asked about Romain: why does he have such a great influence on the public? And what is his political 'line of force'? The two questions are connected. As for the second, I would refer to my letter of 24 January last year. Here it is appropriate to signal the broad political developments in the volume under discussion, which appeared towards the end of last year, in other words just after the declaration of war. This confers a very particular interest on its final chapter 'The Festival of Victory'. It makes a gripping read. One of the principal passages loses scarcely anything in being taken out of context:

There has been . . . a great change. Men have waged many wars, have often known victory, often defeat. But never, before celebrating victory, have they been so harassed by the thought of the dead. Yet this time it is a very great victory, the greatest, in one sense, that there ever has been. Yes, but perhaps this is because there have never been so many deaths. In this mathematics of human madness, there must be limits that it is unwise to cross. The

⁸ Henri Landru (1869–1922): conman convicted of 11 murders in 1919, the year in which the action of *Vorge against Quinette* unfolds.

proportions are out of joint. The weight of the dead grows faster than the pride of the victors. The pile of corpses rises quicker than the trophies. However great the victory, it will not succeed in catching up with the dead.

One might say this is simply reportage. But it is reportage impregnated not just with the atmosphere of past events, but also with the actual situations of the many readers of this account. This leads me to the first of the two questions. One of Romain's achievements lies in the fact that his work, starting from the post-War era, is entirely devoted to a recent past, yet combines this portrayal of the past with a constant concern for actuality. This makes his work full of passages that, like double exposures, project information of immediate interest onto a background of the recent past. Romain's speciality within contemporary French literature is the richness of information on the play of the social machine, the routines of government, church, parliamentary, commercial and military action. On this point his books are comparable to the novels of Dumas *père*, with their inexhaustible detailing of Parisian life. At all events, Romain possesses an extraordinary faculty for putting a range of psychological and social experiences within public reach that it would be hard to access through reasoning or moral feeling. The way in which Surrealism is presented in *Vorge against Quinette* is further proof of this.

I have waited until the end of this survey to discuss a rather slim volume presented as a series of essays—Georges Salles, *Le Regard*. This is an enchanting work. I bring it to your attention not so much for some of the theoretical passages, which I shall note, but rather for its beauty, which strike the reader more or less throughout in its happy formulations. Salles is curator of Oriental Antiquities at the Louvre, and writes only incidentally. His book is all the richer from the experiences accumulated in the course of his work. Nothing reveals this better than when the author laments:

the unique prestige that the darkened canvases of the old masters exert on the general public. The favour bestowed on them is a curious index of the disdain in which most people hold their sensory impressions . . . The sombre veil covering the famous image reassures them, since what they seek is not a happy vision, but an embalmed glory (p. 23).

In defining such a vision, the author uses terms close to Proust's. I was particularly struck to find a description of the aura similar to the one I used in my *Baudelaire*. Salles sees art objects as

witnesses of the age that rediscovered them, of the scholar that studied them, of the prince that acquired them and of the connoisseurs that constantly reclassify them. On any one object, the rays of countless gazes, near or far, interconnect and lend it their life (pp. 69-70).

Salles considers the connoisseur's contribution as essential to the life of museums. He fears the day when the state becomes the sole collector. In the meantime, he ascribes to the museum the task of educating the public's sensibility, over and above that of instruction.

The author rails against a misplaced modernization, and expresses reservations about some of the initiatives at the Exposition Universelle in Paris, with particular allusion to the Van Gogh exhibition where the canvases were surrounded with documentation, as much photographic as written. The public was overwhelmed with far more material than it could take in. (One of the principal contributors to this exhibition was John Rewald. Along with the novelist Noth, he is almost the only German émigré to have made a name for himself in France. He is a hard worker, very well-informed on certain subjects, a young man in command of his world—yet a mind without real scope.) Salles's critique of this false scientific complacency is also an attack on excessive material comfort. He denounces the danger 'of pandering too much to the ease of the visitor or the comfort of the art-object', and thus neglecting 'the *timely inconvenience* that provokes their encounter and initiates debate' (pp. 90-1).

Salles's concern for clarity, and for the riches of sensuous reception, are combined with a perfect understanding of the workings of theory. He understands its necessarily indirect and roundabout character, and grasps its aim. 'An art', in effect, 'differs from what has gone before, and comes into being precisely because it expresses a completely different reality, not merely a material modification: it reflects a different man . . . The moment to grasp is that at which an expressive fullness responds to the birth of a social character' (pp. 118-20). Salles seems to understand very clearly what the theoretical penetration of the art object, provided this is sufficiently far-reaching, can teach us about 'the birth of a social character'. 'To study the fundamentals of an art, we must, in the end, shatter our frameworks and steep ourselves in those hallucinations of which this art yields us only a clotted sediment; we must journey through the depths of social species now extinct. A hazardous task, with much to tempt a sociologist aware of his mission' (pp. 123-4).

There is no need to force the text to see that in these lines the author pursues an identical goal to that envisaged in the third part of my essay on 'The Work of Art in the Age of Its Technological Reproducibility'. I hope these few notes will suffice to persuade you to read this book, which has such an essentially Parisian atmosphere: the gentle and powerful light of knowledge, filtered through the unstable, cloudy layer of the passions.

In my letter of 3 November 1937, I informed you about *Merinos* by Henri Calet. I can now recommend *Fever of the Polders*, by the same author, published after an interval of three years. The quite remarkable quality of this novel explains why Calet cannot conform to the normal rhythm of production for novelists, of one or two books per year.

As a matter of conscience I will note a novel by Victor Serge, *Midnight in the Century*. The author is of the same party as Souvarine—as you no doubt know. His book has no literary value, and holds the attention only for its picturesque descriptions of Stalinist terror. It is far below the triptych of the Soviet regime that Panait Istrati painted ten years ago.⁹

Caillois has published a 'Theory of the Festival' in the NRF, rather pretentious reflections that contain nothing really new. The same author—he is now in Argentina, where he has just got married—has launched a manifesto there against Hitlerism. It is a series of points that simply repeats what honest people have been saying unceasingly for seven years.

By way of information: a *History of Art Criticism* by Lionello Venturi. The author, son of the famous historian of Italian Renaissance painting, left for America at the start of the War. His book is only a compilation, complete but hurried. A young *normalien*, Georges Blin, has just published a book on Baudelaire (with NRF). I shall tell you about it next time.

A few days ago, I heard from Mme Adorno that M. Kraft wrote to you from Jerusalem to claim priority for 'Jochmann'. She said that you would be forwarding me his letter. This has still not reached me. But in any case I want to tell you right away that M. Kraft's letter relates to a conflict following which I broke off relations with him. This was early in 1937,

⁹ Panait Istrati (1884–1935) Romanian novelist, collaborator of Serge and Boris Souvarine. Istrati in fact only wrote the first volume of the 1929 trilogy to which Benjamin refers—*Towards the Other Flame*; Serge wrote the second, Souvarine the third, but by agreement all three appeared under Istrati's name.

and my 'Jochmann' text was at the root of it. M. Kraft was familiar with Jochmann before I was; but I came across him *independently* from Kraft, in the course of my studies at the Bibliothèque Nationale. Seeing M. Kraft issue the claim to reserve this author for himself, I did not hide the fact that I deemed this inadmissible, and will consider it totally unacceptable. I await his letter to send you a detailed exposé of the facts.

Death has reaped an ample harvest in recent times, even in 'peaceful' quarters. You will naturally have been informed of the deaths of Fuchs and Bouglé. The great critic Charles Du Bos shortly preceded them. A few days ago, Paul Desjardins died; I described him to you last year during my visit to Pontigny. And personally, I have just lost a very young friend, a graphic artist of exquisite talent, who took his own life together with his wife.¹⁰

One of these days I shall tackle the rest of *Baudelaire*.

Since neither my health nor the blackout makes me want to go out, I live a very reclusive existence. Perhaps that can excuse the unwarranted length of this letter.

I end with my most cordial greetings to you and your friends.

Walter Benjamin

¹⁰ Eduard Fuchs (1870-1940): collector; Célestin Bouglé (1870-1940): sociologist; Charles Du Bos (1882-1939): literary critic; Paul Desjardins (1859-1940): organizer of the annual gatherings of writers and intellectuals at the *Décades de Pontigny*, 1910-39. The graphic artist and his wife are probably Augustus Hamburger and Carola Muschler.

Translated by David Fernbach

Reprinted from Walter Benjamin, *Gesammelte Briefe*, VI, pp. 403-21, with permission of Suhrkamp Verlag, Frankfurt am Main.

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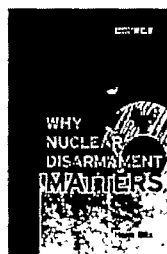
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LUCIO MAGRI

THE TAILOR OF ULM

AT ONE OF the crowded meetings held in 1991 to decide whether or not to change the name of the Italian Communist Party, a comrade posed this question to Pietro Ingrao: 'After everything that has happened and all that is now taking place, do you still believe the word "communist" can be used to describe the kind of large, democratic mass party that ours has been, and is, and which we want to renew so as to take it into government?' Ingrao, who had already laid out in full the reasons for his dissent and proposed that an alternative course be taken, replied—not altogether in jest—with Brecht's famous parable of the tailor of Ulm. This 16th-century German artisan had been obsessed by the idea of building a device that would allow men to fly. One day, convinced he had succeeded, he took his contraption to the Bishop and said: 'Look, I can fly'. Challenged to prove it, the tailor launched himself into the air from the top of the church roof, and, naturally, ended up in smithereens on the paving stones below. And yet, Brecht's poem suggests: a few centuries later men did indeed learn to fly.

Ingrao's reply was not just witty but well-founded. How many centuries, how many bloody struggles, advances and defeats did it take for the capitalist system to reach—in a Western Europe that had initially been more backward and barbaric than other parts of the world—an unprecedented degree of economic efficiency, and for it to acquire new, more open political institutions, a more rational culture? What irreducible contradictions were to mark liberalism over those years, between the solemn ideals—common human nature, freedom of speech and thought, popular sovereignty—and the practices that constantly belied them: slavery, colonial domination, expulsion of peasants from common land, wars of religion? Contradictions whose social reality was legitimated in thought: the idea that freedom could and should only be granted to those who, by virtue of property and culture—even race and

colour—were capable of exercising it wisely; and the correlative notion that ownership of goods was an absolute, inviolable right which therefore precluded universal suffrage.

Nor was it just the onset of this historical cycle that was beset by such contradictions: they were reproduced under various forms in its subsequent development, and gradually diminished only by the action of new social subjects, and of forces contesting the reigning system and its ideas. If, then, the real history of capitalist modernity was not one of unambiguous linear progress, but was rather dramatic and costly, why should the process of its supersession be otherwise? This is the lesson that the tailor's story was meant to convey.

Yet the parable also poses further questions. Can we be sure that if the tailor of Ulm had been crippled rather than killed by his disastrous fall, he would immediately have got to his feet to try again; or that his friends would not have tried to prevent him doing so? And secondly, what actual contribution did he make to the subsequent history of aeronautics? In relation to Communism, such questions are especially pointed and difficult—above all because, at its theoretical formation, it had claimed to be not an inspiring ideal, but part of a historical process already under way, and of a real movement that was changing the existing state of things. Communism therefore always entailed a factual test, a scientific analysis of the present and a realistic prognosis of the future, to prevent it dissolving into myth. But we also need to register a significant difference between the defeats suffered by the bourgeois revolutions in France and England, and the recent collapse suffered by 'actually existing socialism'—measured not by the number of deaths or recourse to despotism, but by their respective outcomes. The former left an inheritance that, though much more modest than the initial hopes they aroused, is nonetheless immediately apparent; it is difficult, by contrast, to discern the legacy of the latter, and to identify legitimate heirs.

A premature burial?

In the years that have passed since the end of the Cold War these questions have not only remained unanswered; they have barely been seriously discussed. Answers have come in a highly superficial, self-interested form: denial or amnesia. A historical experience and theoretical heritage that marked an entire century have thus been consigned, in Marx's

expression, to the 'gnawing criticism of the mice'—who are, as we know, voracious, and multiply rapidly in the right conditions.

The word 'communist' still occurs, of course, in the propaganda of the crudest Right. It survives in the electoral symbols of small European parties, to retain the loyalty of the minority devoted to its memory, or to indicate a generic opposition to capitalism. In other parts of the world, Communist parties continue to rule small countries, aiming mainly to defend their own independence from imperialism, and govern one very large one, where the Party is sustaining an extraordinary economic development that is moving in an entirely different direction. The October Revolution is generally considered a grand illusion—useful, at certain moments and in the eyes of a few, but a disaster when taken as a whole, identified with Stalinism in its most grotesque version, and condemned in any event by its final outcome. Marx has regained a degree of credit as a thinker, for his far-sighted predictions regarding the capitalism of the future; but these have been entirely severed from any ambition to put an end to it. The condemnation of memory is now extending even further, to cover the whole experience of socialism, and from there branching out to the radical components of the bourgeois revolutions and liberation struggles of colonized peoples (which, as we know, could not always be peaceful, even in the land of Gandhi).

In sum, the 'haunting spectre' seems finally to have been buried: with honours by some, with undying hatred by others, with indifference by most, because it has nothing more to say to them. Perhaps the most scathing but, in its way, most respectful oration at this final burial was pronounced by Augusto del Noce, one of the finest minds among the Left's adversaries, when he said that the Communists have both lost and won. They have lost disastrously in their Promethean quest to reverse the course of history, promising men freedom and fraternity even in the absence of God, and in the knowledge that they are mortal. But they have won as a necessary factor in accelerating the globalization of capitalist modernity and its values: materialism, hedonism, individualism, ethical relativism. An intransigent Catholic conservative, del Noce believed he had foreseen this extraordinary heterogenesis of ends, though he would have had little reason to be pleased by it.

Anyone who did believe in what Communism was attempting, and took part in it, has a duty to account for it—if only to ask whether this burial

was not too hasty, and whether a different death certificate might be required. In Italy there have been many ways of getting around this central question. Such as: I became an Italian Communist because it was the first priority if one wanted to fight fascism, defend republican democracy and support the sacrosanct demands of the workers. Or: I became a Communist at a time when links with the Soviet Union or Marxist orthodoxy were already being questioned; today, I can make a limited self-criticism of the past and assert my genuine openness to the new. Is that not enough?

In my view, it is not enough: it fails to account for a collective undertaking which took place across many decades and which must be considered, for better or worse, as a whole. Above all, it is insufficient in helping us draw useful lessons for today and tomorrow. Too many people now say: it was a mistake, but they were the best years of my life. For a while, this mixture of self-criticism and nostalgia, of doubt and pride—especially among ordinary people—seemed justified; a resource, in fact. But with the passage of time, and among intellectuals and leaders in particular, it now seems an easy compromise with oneself and the world. I ask myself once again: are there rational, compelling reasons for taking a stance against denial and amnesia? Are there good grounds and suitable conditions for re-opening a critical discussion of Communism today, rather than abandoning it? In my view, there are.

Altered landscape

Since that fateful year of 1989, much turbulent water has flowed under the bridge. The novelties which that historical caesura produced and ratified have taken on clearer and more definitive shape, while other developments have come thick and fast. A new configuration of the world order, of society and consciousness is emerging. A victorious capitalism was left holding the field and its triumph allowed it to reassert its foundational values and mechanisms, now freed of all restraint. Technological revolution and globalization seemed to offer the prospect of impetuous economic expansion and stable international relations, under the leadership—shared or endured—of a single overweening power. During the 1990s, the contributions to democracy and progress made by the competition between the two systems could still be discussed, as could the toll they took on individual lives. Correctives that might reduce the worst social consequences of the new dispensation

could be debated, either to improve transparency in the re-established market or to temper the unilateralism of the dominant power. But from now on, this was the system. It was not to be contested but supported, in good faith and in line with its own principles. If the distant day were to come when it too had outlived its usefulness and must be superseded, this would have nothing to do with anything the Left had done or thought. Such was the reality that any sensible politician had to recognize—or howl at the moon.

In the space of a few years, the scene has changed profoundly. Inequalities in income, power, quality of life, both among and within the various regions of the world, are re-emerging and continue to deepen. The new functioning of the economic system is demonstrably incompatible with the preservation of long-standing social gains: universal welfare, full and stable employment, participatory democracy in the most advanced societies; the right to national independence and some protection from armed intervention, in the case of underdeveloped regions and smaller nations. New problems are looming: the accelerating degradation of the natural environment; a moral decay in which individualism and consumerism, rather than filling the vacuum of values created by the crisis of millennial institutions, instead deepen it into a dichotomy between dissipation and neo-clericalism; an advancing crisis of the political system, rendered powerless by the decline of nation-states, and replaced by institutions insulated from popular suffrage—itsself hollowed out by mediatic manipulations of consensus and the transformation of parties into electoral machines geared to reproducing a governing caste. Even in the realm of production, growth rates are currently declining and economic equilibria appear unstable, a set of conditions that seem to be more than conjunctural. Financialization generates unearned income, with the frantic pursuit of immediate profits as its twin; it therefore deprives the market itself of criteria by which to gauge its own efficiency, or to judge what it should produce. Finally, and as a consequence of all this, we are witnessing a decline of hegemony, ever-multiplying conflicts, and a crisis of the world order. The natural response has been the deployment of force, even the resort to war, which has in turn exacerbated rather than resolved the existing problems.

We might concede that this framework is overly gloomy and one-sided; that such worrying trends are as yet in their early stages. We might also admit that other factors—technological innovation, for example, or the

even more surprising surge to prominence of vast, once Third-World countries—can compensate for such tendencies or check them. Lastly, we might concede the novel breadth of the social base that has benefited from an earlier, widely diffused round of accumulation, or that elsewhere hopes to attain a prosperity it has previously been denied: forces that would shore up a consensus, or reject a radical change whose outcome is uncertain. Communists have often made the mistake of advancing catastrophist analyses, for which they have paid the price.

Yet none of this alters the fact that a turn has taken place, earlier than anyone had feared or hoped. The future of the world seems to offer little reassurance—not only to suffering or rebellious minorities, but in mass common sense, to broad layers of the intelligentsia, even in some sectors of the dominant class. We are not in the turbulent climes of the 20th century, but nor are we breathing the serene air of the Belle Epoque (which, as we know, did not end well). In the space of a few years, movements of social struggle and contestation in the realm of ideas have appeared on the scene, surprising in their breadth, durability, plurality of subject positions and novelty of themes. Dispersed, intermittent movements, lacking a unitary project and organizational structure, for the most part these are more social and cultural than political. They have arisen out of the most diverse situations and subjectivities, and they reject organization, ideology and politics as they have known them, above all in the forms in which these appear today.

Nevertheless, these movements are in constant communication with each other; they identify common enemies whom they name in full. They cultivate ideals and experiment with practices radically opposed to the current order of things—and to the values, institutions and powers that embody that order: modes of production, consumption and thought; relations between classes, sexes, countries and religions. At certain moments and on particular issues—such as the ‘preventive’ war against Iraq—they have been able to mobilize a large section of public opinion. In that sense, they are fully political, and carry weight. Should we, then, feel reassured that the ‘old mole’, finally freed from the weight of doctrines and disciplines that held him back, has begun to tunnel once more towards a new world? I would like to think so, but I doubt it. Here too we must confront the facts—without despondency, but without pretence. It cannot be said that things are gradually taking a turn for the

better, or that the lessons of reality will soon produce a general shift in the balance of forces in favour of the Left.

World dynamics

The marriage of convenience between the Asian and American economies has facilitated an astonishing take-off by the former, while guaranteeing the latter imperial profits and allowing it to consume beyond its means. At the same time, the current arrangement has contributed to European stagnation, and its longer-term dynamics, costs and outcomes are difficult to grasp. The Iraq war, rather than stabilizing the Middle East, has 'lit a prairie fire'. The European Union, for its part, has not developed into an autonomous force, but has instead resumed its subordination to the Anglo-American model—and its foreign policy—in still more accentuated form. In the United States one can foresee a return from the bruising politics of the Bush variety to a more prudent Clintonite type—a shift which has little to do with a genuine turn that would be adequate to the world's new and pressing problems. In economics as in politics, no New Deal is in the offing.

In Latin America, after many years, popular, anti-imperialist forces are in power in several countries, but it is Lula who seems to have the wind in his sails. In Central Asia, as in Eastern Europe, clients of the US are multiplying. In France and Italy, the Left has never been in such disarray. Though Zapatero was re-elected in Spain, in Germany the Christian Democrats have been restored to government; in Britain Brown sticks to Blair's line and, if he loses, it will be the Conservatives who benefit. Trade unions, after a few signs of recovery, are on the defensive nearly everywhere; workers' real conditions are under pressure not just from the political context but from the blackmail of economic crisis and budget deficits.

How should we assess the forces ranged against the system? The outlook is not a comforting one. It is certainly important that the new social movements remain on the scene, and that in some cases they have expanded to new regions or contributed to a replenishment of political energies. They have, at any rate, drawn attention to critical problems that had previously been dismissed: water, climate, defence of cultural identities; civil liberties for minorities such as immigrants or gays. It would be wrong to speak of a regression or crisis—but equally so to

point towards a 'second world power', either existing or in gestation. For in the major battles in which these movements were involved as a unit—peace and disarmament, abolition of the WTO and IMF, the Tobin Tax, alternative energy sources—the results have been trifling, and initiative has declined. Pluralism has proved to be a limitation as well as a resource. Organization can be rethought as much as one likes, but it cannot forever be reduced to the internet or re-runs of world forums. Refusal of politics, power from below, making revolution without taking power—rather than being stages of a journey, partial truths which should not be renounced, these risk becoming elements of a fossilized subculture, a repetitive rhetoric that prevents self-reflection or an exacting definition of priorities. Finally, alongside the new movements—although through no fault of theirs—a different type of radical opposition has emerged, inspired by religious or ethnic fundamentalism, whose most extreme form is terrorism, but which influences and involves significant numbers of people.

Turning to the still-organized forces of the Left that have courageously resisted the collapse of the post-89 era, have taken part in attempts at renewal and worked alongside the new movements and union struggles, the balance sheet appears still leaner. After years of work in a society in turmoil, these forces remain marginal, divided among and within themselves. In electoral terms they score between 5 and 10 per cent in Europe, and are therefore caught in a dilemma between minoritarian radicalism and electoral pacts, whose onerous constraints weaken them further. In sum, to paraphrase some Marxist classics: we are once more in a phase in which 'the old world can generate barbarity, but a new world capable of replacing it has not emerged'.

Capital's ascendancy

In drastic summary, the reasons for this impasse might be defined as follows. Neoliberalism and unilateralism are an expression of a more profound and permanent alteration to the world-capitalist system, which has taken its original vocation to the extreme. Its features include: dominance of the economy over every other aspect of individual and collective life; dominance within the economy of the globalized market, and within the market of great concentrations of finance over production; within production, dominance of services over industry, and of immaterial goods for a consumption that has been induced, as against real needs.

We are also witnessing a decline of politics, as nation-states are overshadowed by agreements made above their heads, and political systems are hollowed out by a fragmentation and manipulation of the popular will that should guide and sustain them. Finally, there is the unification of the world under the sign of a specific hierarchy, with a single preponderant power at its apex. A system, then, which is seemingly decentred, but in which the critical decisions remain concentrated, in the final analysis, in the hands of the few who possess decisive monopolies: in ascending order of importance, over technology, over communications, over financial and over military power.

Underpinning the whole is property, in the shape of capital in constant, unflagging pursuit of its own valorization—a process that has become entirely autonomous with regard to territorial location and any alternative goals that might otherwise have constrained it. With the vast mediatic means at its disposal, capital can directly shape needs, consciousnesses, lifestyles; it can select the political and intellectual caste; it can influence foreign policy, military spending, lines of research; last but not least, it can reconfigure labour relations, choosing where and how workers should be recruited, and finding the best means for undermining their bargaining power. In comparison to earlier phases, the most significant novelty lies in the fact that, even where it enters into crisis or records a failure, the system nevertheless manages to reproduce its own bases of strength and interdependence, and to destroy or blackmail its antagonists. It summons, and at the same time buries, its own gravedigger.

To challenge and overcome such a system, what is required is a coherent systemic alternative; the power to impose it and the capacity to run it; a social bloc that can sustain it and steps and alliances commensurate with that goal. Freed from the myth of chilastic conquest of state power by an opportunist Jacobin minority, there is still less reason to subscribe to the hope that a succession of scattered revolts or small-scale reforms might spontaneously coalesce into a great transformation.

The current situation in itself thus demands that a Left—at present drifting in confusion—should reflect on the ‘Communist question’. I do not use these terms by chance. ‘Reflection’—not rehabilitation or restoration—indicates that a historical phase has ended, and that the new era requires radical innovation in these theoretical and practical traditions, which

must be grounded in reflections on its origins, development, outcomes. I say 'Communist' because I am not referring only to texts, in which lasting truths might be rediscovered, or noble intentions from which there has been a pronounced decline. Rather, I refer to a whole historical experience that explicitly posited the theme of anti-capitalist revolution led by a working class, in turn organized in parties which, in Italy as elsewhere, for decades brought millions of people into this undertaking; which fought and won a world war; ruled major states, shaped societies, and influenced the fate of the world; and which in the end—and certainly not by chance—degenerated and was heavily defeated. For better or worse, it left its mark on almost an entire century.

A first task for the new era, then, is to draw up a balance sheet—in a spirit of truth, whatever the convictions with which one begins and the conclusions at which one arrives; without fabricating facts, without offering excuses or separating lived experience from its context. The aim must be to distinguish the contributions made to decisive and permanent historical advances; to reckon the tremendous costs they entailed, the theoretical truths attained and the intellectual blunders committed. We need to clarify the various phases in Communism's evolution, and within each, to examine not only the degenerative errors but their subjective and objective causes, and what opportunities there were for adopting a different course towards the desired end. In sum, to recompose the thread of a titanic undertaking and dramatic decline, not seeking to make allowances or to pursue an impossible neutrality, but aiming at an approximation to the truth. In tackling this agenda, we possess the extraordinary privilege of knowing what course events finally took, as well as the stimulus of finding ourselves once again in a crisis of civilization. We must make use of the present to better understand the past, and understand the past so as better to orientate ourselves in the present and future.

If we avoid reflections of this kind, and regard the twentieth century as a pile of ashes; if we delete from the record the great revolutions, the bitter class struggles, the major cultural conflicts that traversed it, and the Socialism and Communism that animated these; or if we simply reduce everything to a clash between 'totalitarianisms' and 'democracy'—without distinguishing the disparate origins and goals of the 'totalitarianisms', or the concrete politics of 'democracy'—we not only tamper with history, but deprive politics of the passions and arguments needed to confront

both dramatic old problems that have resurfaced and new ones that are emerging; and which demand profound changes and a rational debate.

Re-readings

The type of investigation I am proposing here is tremendously difficult—and the motivations that should guide it no less so. Firstly, because the ‘short twentieth century’ is a large and complicated period, shot through with dramatic and closely interlinked contradictions, demanding an overview of the context. Second, because it is still so fresh in the collective memory that it is hard to attain the requisite critical distance. Further, such an investigation runs counter to the prevalent consensus of today, which not only considers this chapter closed, but in general denies that history can be deciphered, as a whole and in the long term—and therefore sees no value in situating the present within that history, or in developing the appropriate interpretative categories. Finally, at the outset of a critical reading of the past, any challenge to the consensus would require, more than ever before, the ability to provide a fitting analysis of the present and a project for future action (this was the strong point of Marxism, even in those aspects which proved transient).

For my own part, I feel a certain generational as well as individual responsibility to contribute to such an undertaking by reconstructing and investigating some crucial points in the history of Italian Communism. The motivation for this is not autobiographical, nor is it provincially restrictive. On the contrary, the choice—circumscribed, so as to be able to speak of a concrete object—implies a working hypothesis, going against the grain; one that imposes, and perhaps ultimately permits, some general conclusions. Today there are two prevalent readings of Italian Communism, mutually opposed for a variety of reasons. The first argues, in more or less crude form, that from the end of the Second World War at least, the PCI was always in substance a social-democratic party, albeit without wanting to admit as much, and perhaps without realizing it. Its history was one of a long, excessively slow but steady march to self-recognition; the delay cost it a prolonged exclusion from government, but the party’s substantive identity gave it strength and ensured its survival. The second reading holds that, on the contrary, despite the Resistance, the republican constitution, the party’s role in extending democracy, despite some evidence of autonomy, and its hostility to the idea of insurrection, the PCI was ultimately an

articulation of Soviet policy, and its aim was always the imposition of the Soviet model. Only towards the end was it forced to surrender and change its identity.

Yet both readings are contradicted by innumerable historical facts, and they also erase what was most original and interesting about the Communist experience. The thesis I would like to put to the test is that the PCI represented, intermittently and without ever fully developing it, one of the most serious attempts to open up a Socialist 'third way'; that is, to combine on the one hand partial reforms, pursuit of broad social and political alliances, commitment to parliamentary democratic means and, on the other, bitter social struggles and an explicit, shared critique of capitalist society; to construct a highly cohesive, militant party, with ideologically trained cadres, but a mass party nonetheless; to reaffirm its affiliation to a world revolutionary camp, enduring the constraints of the latter but still winning a relative autonomy. This was not a matter of mere duplicity: the unifying strategic idea was that the consolidation and further evolution of 'actually existing socialism' did not constitute a model that could one day be implemented in the West, but rather the necessary background for realizing a different type of socialism in the West, that respected liberties.

It is this that explains the growth of the PCI's power in Italy—continuing even after capitalist modernization—and the extent of its international influence even after the first glaring signs of a crisis of 'actually existing socialism'. But by the same token, its subsequent decline and eventual dissolution into a force more liberal-democratic than social-democratic compel us to explain how and when the attempt failed. They make it possible, that is, to identify the objective and subjective reasons behind a particular trajectory, and to ask whether better paths were available that might have served to correct that course.

If this hypothesis is correct, then the history of Italian Communism might have something important to say about the overall experience of republican Italy and of the Communist movement in general—helping to gauge the latter in its best version, and to grasp its limits. (In an entirely different context, perhaps the equally singular Chinese experience would be a comparable field for investigation, with its entirely unexplained past and indecipherable future.)

Many historians have written on the history of Communism—providing a wealth of information and scholarship on the period between the Russian Revolution and the years after World War Two; in more episodic form, full of lacunae and prejudices, with regard to the subsequent decades, running up to the present. Yet we still lack a comprehensive assessment and balanced judgement of either period. At fault for this are not so much the controversies that have arisen—more than justified—as a discrepancy between accurate examination of the available sources and partisan pamphleteering. This is, of course, unsurprising, since both in the past and more recently, historians' work was influenced first by a climate of bitter political conflict and then by the sudden, unexpected collapse. The effects of these were to inspire some with the sobriety of the specialist while leaving others to produce convenient simplifications.

Internal culture

Yet beyond such considerations, there is a further obstacle to the research of even the most scrupulous historians: the limited nature of the sources, and the difficulties of their interpretation. Communist parties—by virtue of their ideology, organizational form and the conditions in which they had to operate—were far from transparent. Debates on fundamental questions were concentrated within highly restricted and often informal party gatherings; participants were bound to confidentiality and even amongst themselves spoke cautiously, out of concern for unity. Political resolutions took genuine account of the positions of party activists, and lower-level debates were often lively and well attended; but the decisions were ultimately accepted and defended by everyone, albeit with shades of nuance. Proven ability was valued in promoting party leaders, but the process took place through co-optation from above, and measures of loyalty also carried weight. In some countries and at certain moments, there was no hesitation in censoring the facts or providing only cursory explanations of policies to the outside world or even to the party's own base; the goal of consolidation and mobilization took precedence—if need be at the expense of truth. But even when and where spaces developed in which a degree of dissent would be tolerated, for example in the Central Committees—as in Italy from the start of the 60s—it was expressed in prudent, partially coded language. Record-keeping was meticulous at all levels, but also very sober and often, whether willingly or out of official duty, self-censored.

At the moment of the 'turn', the governing principle became that of 'renewal in continuity'. Since the party was a living community, those who distanced themselves or were distanced from it suffered a deep human isolation which, in the long term, served to fuel mutual partisanship. Serious reading of the journals and documents of the period, of a few posthumous interviews, and access to archives that have finally been opened, still do not provide enough of a basis for reconstructing the real history, without ambiguities or censorship. We also need the mediatory memory of those who took part as protagonists or direct, informed observers, and who can add something regarding those areas where the documents are silent, or read the meaning and importance of what lies beyond the words. But we all know how many snares the individual memory contains—not just the deteriorations of age, or the tendency to grow selective by dint of having shouldered serious responsibilities or suffered an undeserved wrong. It is easy to re-read history through the lens of one's own experience. There is nothing wrong with this. Proust, Tolstoy, Mann or Roth have contributed more perceptively to an understanding of their times than many of the historians who were their contemporaries. But the 'mediation of memory' is suggested here in a different sense: the need for memory disciplined by the test of documented facts, by comparison with the memories of others, and rendered as objective as possible, so as to attempt to treat one's own experience as if one were dealing with someone else's life; and thus to move towards a plausible interpretation of what actually happened, or might have done.

Formations

For my own part, I became a Communist a decade after the turbulence of Fascism and the Resistance had ended, after the Twentieth Congress of the CPSU and events in Hungary, and after reading not only Marx, Lenin and Gramsci, but also Trotsky and heterodox Western Marxism. I therefore cannot say that I joined in order to further the fight against Fascism, or that I knew nothing about Stalinism and the 'purges'. I joined because I believed, as I have continued to do, in a project of radical social change whose costs had to be borne. I was active in that party—in modest roles but by chance, and perhaps some merit, in direct contact with the leadership group—over the course of fifteen years of lively debate and important experiences. I took part in these from minority positions, but with a degree of influence and with a full awareness of what was happening. These were decisive years, about which still too little is known

or too much repressed. I was expelled from the party in 1970, along with other comrades, because we had created a journal, *Il Manifesto*, which was seen as unacceptable: first, because its very existence was a breach of democratic centralism; second, because it explicitly urged a sharper critique of the Soviet model and policies; and lastly because it called for the PCI's strategy to be rethought, accepting suggestions from the new workers' and student movements. No one, I think, would accuse me of having stayed silent or parroted old orthodoxies; but I in turn am compelled to ask why—as a result of what errors or limitations—so many good arguments and often far-sighted analyses remained isolated, and failed to reach their goal.

Together with a number of comrades, I returned to the PCI at the start of the 1980s, aware of the limits of an extremism about which we had deluded ourselves, but not penitent: Berlinguer's turn seemed to have settled many of the differences that had divided us. As part of the PCI's leadership this time, I had direct knowledge of the processes that first constrained and then hollowed out this turn, demonstrating at the same time its belatedness and its limitations. It is a period about which there is still great reticence, and with regard to which the most rabid criticism goes unopposed. In the early 90s I took part, this time in the front line, in the battle against the decision to dissolve the PCI: not because this was too innovative, but because it innovated in the wrong manner and direction—senselessly liquidating a rich identity, and opening the path not just towards a social-democratic model, itself already in crisis, but to a fully fledged liberal-democratic politics. The leadership disbanded an army that had not yet scattered, compensating for a conceptual vacuum with a fanciful 'newism'. I remain one of the few to believe this operation to have been completely groundless—but am all the more compelled to ask myself why it carried the day.

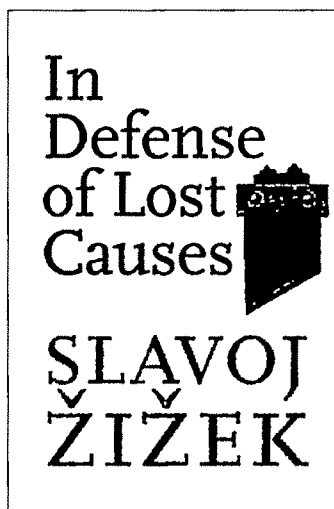
Finally, I participated in the foundation of Rifondazione Comunista—with some doubts, because I feared that it would lack the ideas, will and strength to take its name seriously; feared, in other words, a maximalist drift followed by opportunist accommodation. I distanced myself from it because, though I continue to believe in the project, I did not see sufficient determination or ability to carry it forward within that organization, or in the diaspora of the radical Left. Hardly anyone knows or understands much of this more recent, tortuous experience, and it might prove useful

merely to speak honestly about it—if only to understand the processes that led to its electoral obliteration in April 2008.

I am, then, a living private archive, in storage. For a Communist, isolation is the gravest of sins, which must be accounted for to others and to oneself. But if sin—forgive this ironic concession to the fashion and expediency that today moves so many to a sudden search for God—opens the way of the Lord, isolation might help in approaching the tasks outlined here, by allowing for a certain useful detachment. I cannot claim ‘I was not there’, ‘I did not know’. In fact I said one or two things when it was inconvenient, and so now have the freedom to defend what should not be disowned, and to ask myself what could have been done, or might yet be done, beyond the bric-a-brac of everyday politics. It is not true that the past—of Communists, or of anyone else—was entirely predetermined; just as it is not true that the future is wholly in the hands of the young who are yet to come. The old mole continues to dig, but he is blind and does not know where he is coming from or going to; he digs in circles. And those who cannot or will not trust to Providence must do their best to understand him, and by doing so help him on his way.

IN DEFENSE OF LOST CAUSES

Slavoj Žižek



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‘Žižek leaves no social or cultural phenomenon untheorized, and is a master of the counterintuitive observation’—*New Yorker*

Is global emancipation a lost cause? Are universal values outdated relics of an earlier age? In fear of the horrors of totalitarianism, should we submit ourselves to a miserable third way of economic liberalism and government-as-administration? Slavoj Žižek takes on the reigning ideology with a plea that we should re-appropriate several ‘lost causes’ and look for the kernel of truth in the ‘totalitarian’ politics of the past.



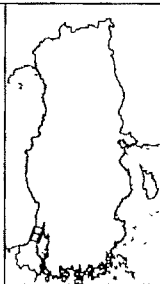
VERSO

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A map of Istanbul, Turkey, showing the districts of the city. The map is oriented with the Black Sea to the north and the Sea of Marmara to the south. The districts are labeled in Turkish: SARIYER, BEYOĞLU, BEYOZ, ÜMRANİYE, SANGAZI, SULTANBETLİ, PENDİK, KADIKÖY, ÜSKÜDAR, KATIL, MALTEPE, KÜÇÜKÇEKMECE, BAĞCILAR, EYÜP, KAZIÖSMANPAŞA, GAZI, KÜÇÜKÇEKMECE, FATHİ, BEYOĞLU, ŞİŞLİ, BEŞİKTAŞ, RAGİTHANE, LARVA, and SARIYER. The map also shows the Bosphorus (Boğaziçi) and the Sea of Marmara (Marmara Denizi). A legend in the top left corner indicates that the solid line represents the city boundary and the dashed line represents the built-up areas. A scale bar shows 0 to 5 miles.



☐ Built-up areas



CIHAN TUĞAL

THE GREENING OF ISTANBUL

LIKE ITS PREDECESSORS, Istanbul has always been positioned as a 'world city', as much by its geo-economic location—at the crossroads between Europe and the Middle East, Russia and the Mediterranean—as by its spectacular setting, straddling the wooded hillsides on both sides of the Bosphorus, with the perfect natural harbour of the Golden Horn slicing its western bank. Its social dynamics in the age of global capital have been scarcely less dramatic. In the last twenty years the city's population has doubled to over 10 million, reflecting the massive upheavals of the Turkish countryside. Uprooted villagers have poured into the post-imperial city, throwing up whole neighbourhoods of *gecekondu*—self-built 'overnight' dwellings. Istanbul's transformation in these decades has been aptly described by Çağlar Keyder and Ayşe Öncü as the globalization of a Third World metropolis.¹

First- and second-generation squatters, who now make up well over half of Istanbul's population, have constituted a double problem for the 'world-city' image to which its rulers aspired in the neoliberal era. The newcomers have not only mounted militant campaigns against the highways and other infrastructural 'improvements' scheduled to be driven through their neighbourhoods. They have also provided a vast vote bank for an Islamism that proclaimed itself totally opposed to the architectural pretensions of global capital—high-rise buildings, ostentatious consumption, luxurious lifestyles—and demanded an environmentally sustainable form of urban development, in harmony with nature. It is these contradictions, worked out against the background of broader

economic and ideological upheaval across the region as a whole, that have driven the remaking of the city in recent times.

After the empire

Istanbul's modernizing rulers have long struggled to impose their visions of what a world city should be upon its complex urban realities. From 1839, the Ottoman 'reorganization' of the Tanzimat era aimed to create a modern capital for the Empire that could compete with Paris or London. At that stage, the main problem for planners was the irregular historical fabric of the city: mosques and palaces, cobbled alleyways, ancient bazaars. Development focused on broadening the streets, constructing transport networks, improving public hygiene and instituting a shift from timber to masonry as building material, in a city plagued by fires.

After the defeat and dismemberment of the Empire, the founders of the Turkish Republic abandoned Istanbul, still occupied by the victors of World War I, to establish the new state's capital in Ankara. A small, insignificant town—unlike other central Anatolian cities such as Konya, which had a rich Seljuk, Ottoman and Islamic history—Ankara was a blank slate upon which the Atatürk government could construct its own version of urban modernity. It also had an ethnic meaning for the new elite as the heartland of an allegedly 'pure' Turkish people—the central ideological bulwark of the Republic—in contrast to the cosmopolitanism of Istanbul with its large Greek population. The development of Ankara absorbed virtually the entirety of infrastructural investment. Although Istanbul retained its role as the country's main trading centre, its population halved from a pre-war 1.6 million to 806,000 in 1927, and would not regain its 1914 level until 1960 (see Table 1).

During its first two decades the new state imposed draconian restrictions on population movement: cities were for those who were already 'urban'—in other words, secular and westernized. The small number of rural immigrants who did make their way to Istanbul in the 1920s and 30s generally rented cheap apartments, and had little effect on the make-up of the city. Residential controls were eased in the late 1940s after Turkey's shift to a parliamentary regime, considered more compatible with the country's membership of NATO than the previous one-party system. Incipient industrialization and the mechanization of agriculture

¹ Çağlar Keyder and Ayşe Oncu, 'Globalization of a Third World Metropolis: Istanbul in the 1980s', *Review*, Summer 1994.

TABLE I: *Istanbul's Population, 1900–2000*

<i>Year</i>	<i>Population</i>
1901	1,159,000
1914–16	1,600,000
1927	806,863
1940	991,237
1950	1,166,477
1960	1,882,092
1970	3,019,032
1980	4,741,890
1985	5,842,985
1990	7,309,190
1997	9,198,809
2000	10,072,447

Sources. *Istanbul Büyükşehir Belediyesi, Sayılarla İstanbul*, İstanbul, 2001, Karpat, *Ottoman Population*, p. 103. The numbers for 1901 and 1914–1916 are based on estimates, the rest on official censuses. Since 1950, the official numbers have lagged behind actual population growth, due to the informal migrations.

brought a new generation of incomers from the countryside. Unable to afford the rents in the factory districts, they settled in low-control agricultural zones on the outskirts: north and west of the historic centre on the European side of the city, and east and northeast of Kadıköy and Üsküdar on the Anatolian side.

The authorities' first reaction was to demolish these unofficial settlements; but the easily bought votes of the squatter population, their cheap labour and willingness to take on any kind of work, soon convinced policy makers that the settlers should be incorporated, rather than combated; a strategy that was institutionalized under the centre-right governments of the 1950s. By the 1960s, scattered settlements had grown into substantial squatter neighbourhoods. State policies of import-substitute industrialization intensified the 'pull factor' of Istanbul, which now

temporarily outweighed the 'push factor' of rural unemployment, and drew in provincial town-dwellers as well as the ex-peasants who had constituted the bulk of new arrivals. Squatters offered a growing market for the cheap goods produced by expanding domestic industries, as well as a source of labour. Land and rents in the new neighbourhoods became increasingly commercialized.

During the 1960s and 70s sizeable neighbourhoods in Anatolian Kartal, Pendik and Ümraniye, and European Gaziosmanpaşa, Sarıyer and Kağıthane became left-wing strongholds, sometimes in coalition with the Kemalists. In the 70s, student militants worked to help poorer immigrants build houses, spreading revolutionary ideas and recruiting impressive numbers to their organizations. 'Liberated zones' were proclaimed in the squatter districts, attracting armed attacks by the far-right Grey Wolves, allies of the nationalist MHP, which was also trying to create bases there. The Turkish left remained plagued by internal strife and sectarian recrimination, however. By the time of the military coup in 1980, a dozen different groups were competing for the squatters' allegiance. The dictatorship of 1980–83 crushed them with relative ease.

Entrepreneurial makeover

Military rule decimated the militant trade unions and cleared the way for Turkey's shift in the 1980s from state-sponsored developmentalism to free-market economy. Finance, construction and the service industry became Istanbul's most dynamic sectors, accompanied by a huge expansion of the informal economy fuelled by trade with ex-Soviet republics and a growing narcotics industry; meanwhile formal manufacturing employment declined. There was a sharp increase in social polarization, with the growth of an ostentatious new rich on the one hand, and burgeoning squatter settlements on the other, as the phasing out of agricultural subsidies accelerated the flight to the city. Emerging from martial law, Turgut Özal's ANAP government was complemented at city level by an ANAP mayor, Bedrettin Dalan, equipped with new executive authority. Dalan embarked on a pro-business make-over of Istanbul: bulldozing the old streets along the shores of the Golden Horn, concretizing the Bosphorus and Marmara corniches, throwing up new highways lined by monumental middle-class apartment blocks. This was a vision that showcased the ancient city for a new era of accumulation:

The historical peninsula, cleansed of unsightly buildings and activities, was envisaged as an open-air museum of historical monuments and picturesque old wooden houses . . . The internationalized business centre to the north of the Golden Horn, with its deluxe hotels, modern offices and wide avenues, would host global functions concretized in conventions, businessmen and tourists. Visitors could use the new highway network from the airport to bypass the congestion, noise and traffic of the inner city to arrive at their hotels, and later tour the open-air museum or drive along the Bosphorus.²

Dalan's strategy for the city's outskirts was to legalize, and thus eventually financialize, the squatter settlements. Falling real wages and the repression of trade-union activity meant that other types of compromise had to be offered to the millions of working-class migrants. Laws enacted between 1983 and 1988 aimed to recognize and upgrade the unofficial districts in line with World Bank recommendations.³ Squatters were now legally permitted to build their plots up to four storeys; make-shift houses could be expanded into apartments and let for rent.

Such investment was usually beyond the means of ex-peasant immigrants, so it was contractors (*yapsatçılar*) who collected most of the burgeoning rents, creating a multi-layered hierarchy among the squatters that was partially distinct from their position in the labour force. Shanties were upgraded into concrete-built apartment blocks, often using cheap and inadequate materials that left them highly vulnerable to earthquakes or flooding. The new lax zoning regulations imposed few limits. Most people aspired to add extra floors, sometimes as part of a deal with a contractor, in the hope of renting them out or leaving them to their children, a guarantee of some security in a precarious economy. Often families would go hungry so the construction could go ahead. But the building was frequently left incomplete, due to lack of funds or fluctuations in the zoning regulations. The result of this process has been to create an uncanny architectural cityscape, where poor and sometimes hungry people live in their own unfinished multi-storey concrete buildings. This new type of dwelling is informally called an *apartkondu*, a hybrid of *gecekondu* (squatter residence) and *apartman* (middle-class apartments). *Apartkondus* are socially distinct from *apartmans* as well:

² Keyder and Öncü, 'Globalization of a Third World Metropolis', p. 409.

³ For a critique of these policies see Mike Davis, *Planet of Slums*, London and New York 2006, chapter 4.

the blocks are usually shared with close kin or other trusted dependents, whose behaviour and lifestyles are closely scrutinized and monitored.

Localisms

Since the crushing of the organized Left in 1980, political authority in the squatter neighbourhoods has largely been mediated through informal organizations based on kinship and place of origin (*hemşehrilik*), dominated by rural notables or local men with more education, political ties, income and urban experience. Such networks sprang up with the onset of mass migration from the countryside in the 1950s, helping newcomers to find land, housing and jobs. They became the national norm in the 1980s. In this sense, the outcome of neoliberal urbanization in Turkey has differed from the social 'vacuum' that has been described in American or European cities, after the decline of unions, families and welfare institutions.⁴ Localistic associations, themselves intertwined with sectarian, ethnic and Sufi communities, have played a central role in organizing the cohesion of Istanbul's new districts. Within the rapidly transforming social geography of Turkey as a whole, they have also served to reproduce inter- and intra-regional inequalities.

Migrants from the Black Sea region had predominated in the first wave of arrivals in Istanbul in the 1950s; they eventually secured influential positions in the construction industry and other sectors, encouraging more to join them. By the 1980s, however, with the cuts in agricultural and industrial subsidies, growing numbers of villagers arrived from the inland regions—Central, Eastern and Southeastern Anatolia—where traditional forms of non-specialized subsistence farming had become untenable, while consumerist appetites were whetted by advertising and TV. Migration also increased from the Black Sea, as living standards were hit by the collapse of state-backed industries in the west of the region and cuts in farming subsidies for the agricultural east.⁵ Perhaps the biggest single influx in the 1990s was the arrival of an estimated 1.5 million Kurds, many of whose villages had been razed during the brutal military

⁴ Scott Lash and John Urry, *Economies of Sign and Space*, London 1994.

⁵ By contrast, from the 1980s migration decreased from villages in the coastal regions—Marmara, the Aegean, and to a lesser extent the Mediterranean—which managed the transition to market-oriented production, and often earned substantial revenues from tourism.

campaign against the PKK guerrilla movement.⁶ The war also devastated the traditional husbandry that had been one of the chief means of livelihood and commerce in the mountainous east.

The highest concentrations of Kurdish settlers are in the districts of Sultanbeyli, Eminönü, Bağcılar, Büyükçekmece, Küçükçekmece, Gaziosmanpaşa and Ümraniye. In general the earlier migrants—with wider kinship networks, better political contacts, and majority (ie, Turkish and Sunni) ethnic and sectarian status—have retained the lion's share of rents in the squatter neighbourhoods. Kurds and Alevis have got a piece of the pie, but they are more likely to end up on a lower rung of Istanbul's land and labour-market hierarchies. In most of Anatolia, the Sunnis occupy town centres and better-connected villages, while Alevis live in outlying villages and mountainous areas. This pattern is now reproduced in modern urban settings, with Alevis relegated to the peripheral neighbourhoods of squatter districts.

The arrival of perhaps 6 million newcomers over the last three decades has transformed the municipal politics of Istanbul. Pera, the most cosmopolitan district in the 19th century, and other smaller neighbourhoods on the European side and along the Bosphorus, were occupied by the republican upper-middle classes, who split their votes between centre-right and Kemalist parties, as did Kadıköy. The historic centre of Fatih, as well as Üsküdar on the Anatolian side, remained bastions of the right, providing a home for Sufi orders and Grey Wolf activists. But the rapidly expanding squatter districts were becoming a substantial electoral force.⁷ By the late 1980s, Dalan's road-building projects were provoking furious resistance in some of the new municipalities. In 1989, these districts voted heavily for the left-tilted ex-Kemalist SHP, which had recruited many former revolutionaries in the post-dictatorship era. The SHP produced a powerful denunciation of Dalan's 'world city' project and gestured towards a more popular-democratic vision. But its administration of the city between 1989 and 1994 was a disaster. The corruption and favouritism of the municipal authority alienated the SHP's popular

⁶ The figure of 1.5 million is the estimate of mainstream research institution KONDA; Kurdish nationalists give much higher numbers. The official figure of those evicted from their homes in the Kurdish regions is 400,000, while human-rights organizations give estimates ranging from 2 to 4 million.

⁷ By 1992, close to 60 per cent of Istanbul's buildings were squatter or legalized squatter residences: see Mustafa Sönmez, *Statistical Guide to Istanbul in the 1990s*, Istanbul 1994.

base in the squatter neighbourhoods. In 1994 they voted overwhelmingly for the Islamist Welfare Party (RP), electing Recep Tayyip Erdoğan as Mayor of Istanbul.

'Second conquest'

The Islamists had built their first municipal base in Istanbul in Sultanbeyli, a squatter district in the east of the city. In the early 1980s Sultanbeyli had been little more than a village on the edge of the forest, with a population of around 4,000 and no distinctive political or religious colouration. The people living there were mainly Black Sea migrants, SHP supporters who co-existed peacefully enough with more religious residents. News of the Qur'an schools there drew a fresh influx from the mid-80s, including several prominent *Nakşibendi* and *Kadiri* communities (the most widespread religious orders—*tarikats*—in Turkey). By 1989 Sultanbeyli had a population of 80,000 and an RP mayor, Ali Nabi Koçak. The squatters fought off an attempt by Dalan's metropolitan administration to demolish the whole area to make way for highways and luxury residential complexes. Koçak, who came from the Central Anatolian town of Yozgat, developed a reputation as an Islamist Robin Hood. The Sultanbeyli municipality offered new settlers easy access to land and help with construction materials, food, clothing and coal. The RP's influence extended to resolving land and legal disputes, even arranging marriages and divorces. The district's emerging religious-political character became another factor in attracting rural immigrants, including a large Kurdish influx in the 1990s which raised the district's population to over 200,000.⁸

In the language of its activists, Sultanbeyli became the 'fortress' from which Islamists would conquer the rest of Istanbul. In Turkey, as throughout the Middle East, Islamist intellectuals in the 80s were developing notions of the ideal Muslim city: centred around a mosque, further surrounded by markets, schools and cultural centres; architectural modesty and harmony with nature would be its defining features; urban development would respect the historical texture of the city. Buildings should reflect humility before God: high-rise developments, the very symbol of

⁸ For an in-depth analysis of migration to Sultanbeyli and its social hierarchies, see Oğuz Işık and Melih M. Pınarcıoğlu, *Nöbetleşe Yoksulluk: Gecekondulaşma ve Kent Yoksulları Sultanbeyli Örneği*, Istanbul 2001.

an aggressive, atheistic modernity, were to be banned. Moral propriety and a rather underspecified socio-political egalitarianism would flourish.⁹

As Janet Abu-Lughod has demonstrated, such an image, drawn uncritically from Orientalist texts, is a product of the contemporary imagination rather than a reflection of the historical realities of the Muslim world.¹⁰ Nevertheless, for a short period this was the model that the Sultanbeyli administration attempted to follow. It became an alcohol-free, gender-segregated zone, where elected officials would pray and read the Qur'an in their offices. Residents took their shoes off at the door of public buildings and workplaces, to keep the floor clean for daily prayers. The municipality was organized around a main mosque, surrounded by teahouses, Islamist cultural centres, gender-segregated restaurants and stores carrying Islamic paraphernalia, along with regular shops and schools; many streets were given holy names. Initially, there were no buildings higher than a minaret, as a sign of Muslim humility—although, contradicting the Islamist respect for nature, forests were cut down to make way for many of the outer neighbourhoods. In time, too, buildings started to be higher than minarets; it was rumoured that the local officials had started taking bribes.

The victory of Erdoğan and the RP in the 1994 metropolitan municipal elections created both panic and euphoria in the city, at the prospect that this Islamist urban *imaginaire* would be applied wholesale. Passionate controversy raged around a 'second conquest' of Istanbul, with the Ottoman seizure of the city in 1453 as the first. Both Islamists and their opponents compared the secular inhabitants of the city centre to the Christians of Byzantine times. Celebrations on the anniversaries of 1453, traditionally a focus for mobilizations of the political right, became a symbol of growing Islamist strength.¹¹ In fact, the Islamist intellectuals were divided over their plans for urban development, and not least in their attitudes towards the squatters. Some glorified the pious squatters as agents of retribution against the godless urban elite.¹² Others were more ambivalent, at times

⁹ For the best exemplars, see Mustafa Armağan, *Şehir, ey Şehir*, Istanbul 1997, Turgut Cansever, *Kubbeyi Yere Koymamak*, Istanbul 1997; and Rasım Özdenören, *Kent İlişkileri*, Istanbul 1998.

¹⁰ Abu-Lughod, 'The Islamic City Historic Myth, Islamic Essence and Contemporary Relevance', *International Journal of Middle East Studies*, vol. 19, no. 2, May 1987.

¹¹ Tanıl Bora, 'Istanbul of the Conqueror: the "Alternative Global City" Dreams of Political Islam', in Keyder, ed., *Istanbul: Between the Global and the Local*, Oxford 1999.

¹² For this populist line, see İdris Özyol, *Lanetli Sınıf*, Istanbul 1999.

applauding their creative contribution to the cityscape, at others scolding them for pillaging history and nature. But an influential section of the RP leadership saw the 'conquest', and prospective sidelining of the secularist establishment, as a way to integrate Istanbul more successfully with the world economy and exploit its rich Ottoman history to attract more tourists. These strategists were also less forgiving towards the squatters, whom they perceived as nomads, at odds with the urban spirit of Islam and a potential problem for the re-conquered Istanbul of the future. The egalitarianism and pro-squatter populism of earlier Islamist thinking was stripped away in this current's approach.¹³

The RP, as a pragmatic party, gave voice to all these concerns. Under Mayor Erdoğan, the Istanbul metropolitan authority tightened control on alcohol consumption, re-centred Islamic symbols in public places, introduced prayer rooms in municipal buildings.¹⁴ It sought, without success, to re-convert Hagia Sophia into a mosque and to build another mosque in the centre of Taksim Square, Istanbul's main public space. The RP had fought the 1994 municipal elections on an anti-globalization platform and as mayoral candidate, Erdoğan had opposed the construction of new skyscrapers. In 1995, the metropolitan municipality announced it would freeze financial development in the city centre and shift investment to the urban periphery. Political tensions heightened amid worsening economic conditions. There were clashes between police and the urban poor in some of the remaining left-led strongholds.¹⁵ In the mainstream media widespread worry was expressed about a coming 'social explosion' (*sosyal patlama*) in squatter districts. Concerns focused especially on the Islamist-controlled settlements, as these were far larger than those of the left. There were predictions of insurrection in Sultanbeyli, due to its rapidly growing population and strong Islamist support.

Secularization at gunpoint

The rising fury of the Turkish military put paid to further RP experiments. An early clash came in Sultanbeyli in 1996, when a military unit

¹³ These views were voiced in Mustafa Kutlu, *Şehir Mektupları*, Istanbul 1995; and İhsan Sezal, *Şehirleşme*, Istanbul 1992.

¹⁴ Alev Çınar, *Modernity, Islam and Secularism in Turkey Bodies, Places and Time*, Minneapolis 2005.

¹⁵ Today, the main left-wing neighbourhoods are Gazı, Alibeykoy, Kuçuk Armutlu and Okmeydanı, on the European side; Mustafa Kemal—known as 'May Day'—and Sarıgazi on the Asian side.

stationed nearby erected a statue of Kemal Atatürk in the centre of the main shopping street. Mayor Koçak had it removed to a distant park. The military stormed the district and forcibly reinstalled the statue. The confrontation paved the way for full-scale military intervention the following year, which closed down Islamist organizations and parties nationwide. The repression targeted particular hotbeds of agitation in Sultanbeyli, such as the Islamic teahouses and youth organizations. Koçak was replaced by the more conciliatory Yahya Karakaya, also from the RP; but the rigid governor appointed in 1997, Hüseyin Eren, dismissed such concessions and waged an all-out battle against the alcohol ban, gender segregation, religious education and Islamic dress. By the end of his term in 2003, Sultanbeyli had opened its gates to alcohol and to the first mixed cafés.

Yet Eren and the generals cannot take all the credit for this 'victory'. The Islamists themselves were already shifting to a different approach. Ditching the more inflammatory talk, a 'modernizing' wing led by Erdoğan, Abdullah Gül and Bülent Arınç began courting American and EU support for their pro-business brand of 'moderate Islam'. Though technically disbarred, the Islamists retained their widespread support and organizational networks as the national economy plunged into a series of crises between 1997 and 2001. Refounded as the Justice and Development Party (AKP) under Erdoğan's leadership, they won a landslide victory in Turkey's 2002 general election.

Even before 1997, Mayor Erdoğan had been using Istanbul's religious heritage as a means of attracting global capital and tourism, rather than the basis for an Islamic republic. The process accelerated after 2002, when the former Islamists began championing the construction of skyscrapers in the city's new financial centre. More importantly, in contrast to the protests that greeted Dalan's pro-corporate mayoralty, the Islamic free-market conservatives succeeded in further integrating Istanbul into the circuits of global capital without mobilizing opposition in the sprawling squatter neighbourhoods that ringed the city. This was the urban-spatial dimension of what I have called Turkey's passive revolution: absorbing the challenge of Islamism into free-market Atlanticism.¹⁶ The pious Muslims of the AKP—who now held that they were no longer Islamists, but conservatives—would henceforth mobilize religion to reconstruct the city in ways that contradicted their earlier radical aspirations. Istanbul

¹⁶ Cihan Tuğal, 'NATO's Islamists', *NLR* 44, March–April 2007.

would be mildly 'Islamized'; it would not be 'Islamicized'—if that means becoming the centre of an Islamic republic.

Tulip time

The market-oriented Islamization of the city has many expressions. During the 1990s, fast-breaking tents for the poor during the month of Ramazan were a symbol of Islamism's rising political challenge. They signalled both the impoverishment of the masses under the rule of the 'secular' elite, and the existence of a god-fearing material alternative. Increasingly, however, fast-breaking tents have become sites of collective consumption. The AKP-controlled municipalities began to organize nightly Ramazan festivities that went on till daybreak, where people of all classes would go to enjoy sufi music (along with pop and rock), *nargile*, stand-up shows and a wide variety of food. While some of this was free, merchants and shopkeepers also participated on a cash basis. Muslim tourists came from all over the region, especially to the historic mosques in Sultanahmet and Eyüp, boosting the 'world city' image. There is a certain irony here: in the 90s, Islamist newspapers used to contrast their puritanical Ramazan to the consumer-oriented fast-breaking of wealthy secularized Muslims, with their expensive feasts. Now the sectors have merged, thanks to the passive revolution, which has assimilated the month of fasting into the sphere of public entertainment.

'Ottomanization' has been another theme. Superficially, this celebration of the age of the Caliphate may seem in line with the Islamist urban *imaginaire*; yet rather than preserve the historical fabric of the city, the current AKP metropolitan municipality seems set on pulling down the original Ottoman buildings and reconstructing ersatz versions. It is secularists, rather than Islamists, who are now resisting such redevelopments, accusing the municipality of wanting to re-create the historic centre of Istanbul in glossy tourist fashion. Similarly, in commemoration of the Ottoman 'Tulip Era' of the 1720s, the AKP has taken to decorating the city with the flowers. This was an act of defiance against the anti-Ottoman puritanism of Kemalist ideology, which has traditionally attacked the import of expensive tulip bulbs as a sign of the Sultanate's degeneracy. The period involved a precocious experiment with petty industrialization, the printing press, and the aestheticization of art and architecture. It was brought to an incendiary end in 1730 by a popular rebellion against aristocratic ostentation, led by the ex-janissary, secondhand-clothes dealer Patrona

Halil: the palaces were pillaged and leading modernizers killed.¹⁷ The AKP's current tulip-mania not only celebrates the Ottoman reformers—and their luxurious excesses—but also signifies, through the overflow of tulips from the upper-class neighbourhoods to the squatter districts, that conspicuous consumption is now for the enjoyment of all. The garish illumination of the Bosphorus Bridge, attacked by angry Kemalists as 'nightclub'—*pavyon*—lighting, also signals the political will to make ostentation available to all, breaking the bourgeoisie's monopoly. Such a strategy is intended to ensure that there will be no Patrona Halils in the Republic's 'Tulip Era'.

The so-far unsuccessful attempt to build the highest skyscrapers in the region further demonstrates how the AKP governors of Istanbul are mobilizing Islamic ties to build a non-Islamist city. The municipality wants to hand over a prime piece of real estate in Levent, on the European side, to a Dubai development company, owned by Crown Prince al-Maqtum, which plans to build a giant residential complex and shopping mall. Its centrepiece, 'Dubai Towers', is to be a 300m drill-shaped edifice. The site borders both working-class Çeliktepe and upper-middle-class shore-side Beşiktaş. The development has met with popular opposition on the grounds that it would harm the environment, block traffic and take away the only available open space in case of earthquake—Çeliktepe residents had gathered there during the quake of 1999. Kemalists have attacked the Dubai project as an instance of the AKP's Islamizing, Arabizing agenda; but the influx of Gulf capital has done nothing to arrest the torrent of Western financial and real-estate development in the city; nor does the 300m tower fulfil Islamist notions of modesty and harmony with nature. On the contrary: secular capital's disregard for nature comes back in Islamic garb, further sanctified thanks to Kemalist opposition.¹⁸

¹⁷ Halil controlled the city for a while, after which the Sultan massacred 7,000 janissaries along with him: John Freely, *Istanbul: The Imperial City*, London 1998, pp. 252–53. On Western impact during the Tulip Era, see Fatma Muge Goçek, *East Encounters West. France and the Ottoman Empire in the Eighteenth Century*, New York 1987.

¹⁸ Ironically, the Tanzimat modernizers of the 1830s—in opposition to whom organized Islamism in the region first took form—had been more sensitive. In 1836 the diplomat Mustafa Reşid Paşa, later a grand vizier, emphasized the need for European expertise in the modernization of Istanbul, but added the caveat that the architects and engineers should be summoned not from France, where the buildings were 'bulky' and 'disproportional', housing up to twenty families at a time, but from England where, 'like in Islamic countries', each family has its own house, 'shapely, unostentatious and spacious'. M. Cavid Baysun, 'Mustafa Reşid Paşa'nın Siyasi Yazıları', *Tarih Dergisi* vol. 11, no. 15, 1960, p. 125.

The AKP's brand of pious free-market conservatism had also triumphed over the remaining hardline Islamists of Sultanbeyli in the municipal elections of 2004. This dealt a final blow to the vision of the ideal Muslim city. The new AKP municipality proceeded to demolish the old RP Town Hall in Sultanbeyli, which had become a symbol of Islamist power. The main shopping street was pedestrianized—still retaining the statue of Atatürk in its midst—with the explicit goal of creating 'urban' citizen-consumers. In this part of Sultanbeyli at least, gender segregation has ended: women, headscarved or not, swarm the streets, linger at the windows of clothes and jewellery shops, sit in the cafés. Daily prayers are no longer held in the council offices; shoes no longer line their outer doorways. The combination of 2002–07 economic boom and AKP patronage, showering small-scale building projects on Istanbul during election campaigns, has left Sultanbeyli more bustling and prosperous.

Ümraniye, the former squatter district to its northwest, is what Sultanbeyli might aspire to be.¹⁹ Istanbul's first Ikea and Media Markt were opened here. Transnational hypermarkets such as Carrefour and Real have been built and businesses like Bayer, Siemens and Citibank have set up their regional headquarters. Yet shopping malls and gated communities, chic restaurants and tennis clubs exist side-by-side with semi-rural lifestyles and impoverished Islamist-stronghold neighbourhoods, where calls to prayer from multiple mosques mingle with each other. Middle-class apartments look out on small plots of grass where women—some wearing the *çarşaf*, the long black overgarment similar to the Iranian *chador*—are grazing cows or washing carpets. Even if Ümraniye has left behind the signs of extreme poverty still visible in Sultanbeyli—schools without running water, unpaved roads—many residents still live in harsh conditions. Yet the shopping malls are thronged by people of all classes: big and small bourgeoisie; headscarved squatter women in family groups, mainly strolling rather than shopping; groups of young male Islamists, eyeing the consumers suspiciously—a teeming reality very different from the melancholic Istanbul, immobilized by post-imperial nostalgia, evoked by Orhan Pamuk.

Looming tensions?

The AKP, it seemed, had found a way to square breakneck Third World urbanization with the demands of global capital, financial speculation

¹⁹ For a sociological analysis of Ümraniye up till 1996, see Sema Erder, *Ümraniye: İstanbul'a bir Kent Kondu*, Istanbul 1996.

with the Islamic world city: combining the construction of high-rise office buildings and shopping malls with a proliferation of domes, minarets, Islamic clothes shops, reconstructed Ottoman neighbourhoods, Ramazan festivities and Qur'an schools; retaining the votes of the poor while remaking Istanbul to cater to the whims of global finance. In the mid-90s there had been serious concern about popular explosions in the squatter neighbourhoods. Thanks to their integration into the market, mediated by the Islamist parties, that explosion never came.

Or perhaps it was only displaced and postponed. From the late 1990s, drugs, petty crime and prostitution established a new hold in squatter neighbourhoods—even in pious Sultanbeyli. This went hand in hand with the decline of the textile sector, as a result of liberalization and competition with China, and political disorganization of both radical Islamists and the remaining left. The youth were now recruited to gangs rather than political parties or Qur'anic networks. Reactions to rising crime and poverty began to take hardline nationalist form, as residents attributed the social 'degeneration' to Kurdish migrants.²⁰ Among a sizeable minority, fantasies of ethnic cleansing are now rehearsed daily in the teahouses. Without their former Islamist zeal, AKP activists could no longer fight effectively against crime or unite different ethnic groups via religion. The party leadership has not been able to prevent the mounting animosity between Kurds and Turks, even among its own members. The emerging Kurdish autonomous region in Northern Iraq, the Kurdish guerrilla's ongoing attacks and the cross-border military campaign waged in the Southeast by Erdoğan's government have heightened tensions, threatening to destabilize the 'market peace' of Istanbul.

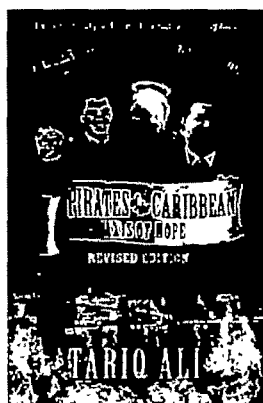
Though experts have been warning for some years now that urban development has reached its limits, the city continues to swallow the forests around it. The metropolitan municipality has no serious strategy to deal with further expansion, let alone prepare the city for natural calamities such as earthquakes. Its current plan for dealing with the growing congestion caused by the new transnational businesses and shopping centres is a programme of large-scale demolitions around highway exits, to make way for the construction of new roads. Informal districts are all the more vulnerable to such clearances, and residents have mounted militant resistance campaigns against demolition in

²⁰ For similar trends in the leftist squatter neighbourhood Gazi, see the Turkish magazine *Nokta* 1/5, November 30–December 6, 2006.

several neighbourhoods—finding themselves, in the process, pitched into conflict with the interests of transnational capital, which has so far benefited more than any other sector from this unending expansion.

Ethnic and environmental tensions are now being compounded by economic downturn. With soaring commodity prices, a global credit crunch and faltering world economy, rising inflation and interest rates are hurting Turkey's small businesses and indebted households. Output is falling and deficits widening in an economy heavily reliant on capital inflows; the institutional crisis threatened by the Constitutional Court's recent moves to ban the governing party for its 'threat to secularism' will likely further damage short-term investment prospects. Millions of Istanbul's squatters have put their faith in the AKP's Islamically embellished paradise of speculation. It remains to be seen whether this formula will weather harsher economic times.

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Flag and Headscarf

MAINSTREAM EUROPEAN AND AMERICAN opinion likes to consider Turkey as an example of democracy to the Islamic world, and the governing AKP as the chief 'democratizing force' in the country. This matches the American-made project of a 'moderate Islam', celebrated after 9/11 as the cure for radicalism in Muslim societies. The AKP's Recep Tayyip Erdoğan was the answer to HAMAS or Hizbullah in the Middle East, just as Malaysia's Anwar Ibrahim was the model for Southeast Asia. As former US Assistant Secretary of State Richard Holbrooke put it, 'there are only two moderate Islamic democracies in the world: Turkey and Malaysia'. Ibrahim, dubbed a 'Golden Asian' by *Newsweek*, was a staunch friend of Malaysia's corporate elite and defender of IMF policies, who liked to underline his liberal-internationalist credentials by stressing his fondness for Elvis. AKP leaders show a similar proclivity to demonstrate their familiarity with Western ways. After a well-received speech in Oxford about the AKP's democratic virtues recently, Erdoğan's spin doctor Egemen Bağış raised his glass to the assembled scholars: 'You see, I drink wine!' The meaning was clear: moderate Islam, just as you like it.

But the wine of moderate Islam has soured in Turkey. A turning point was the assassination of the Turkish-Armenian journalist, Hrant Dink, on 19 January 2007. Dink had been charged several times with 'insulting Turkishness', a crime under the Penal Code. Erdoğan and his advisors like to complain to their EU supervisors that retrograde Kemalist state and military forces are holding back their attempts to democratize this relic of the 1982 Constitution, drafted by the military dictatorship of the time. But if anything, the AKP's revision of the Constitution in June 2005 made it worse. The original 1982 Article 159 had stated that prosecutions for 'insulting Turkishness' had to be authorized by the Ministry of Justice. The Erdoğan rewrite, Article 301, removed this requirement and so opened the door for ultra-nationalists to lobby individual prosecutors to lay charges of this (still undefined) crime against anyone they please. At the time, the AKP government told critics of Article 301 to 'wait and see how it is applied'. It was applied very concretely by Dink's assassin, who told the police, 'I killed him because he insulted Turkishness'—the very text of Article 301. Dink was killed, in fact, because he defended dialogue between Turks and Armenians, and pointed out that Armenians had once lived in Anatolia. A mass protest was called in response to his assassination: a hundred thousand marchers

chanted 'We are all Hrant! We are all Armenians!' The slogan touched one of the most sensitive nerves in Turkish nationalism, and a counter-slogan was rushed forward by establishment opinion-makers: 'We are all Turks!' The effect was chilling: it amounted to a condonation of Dink's death.

During the following months the witch-hunting fever mounted higher. A turf squabble erupted between the AKP and the opposition Kemalists over the choice of the next presidential candidate, an appointment technically decided by the National Assembly. The president's office was seen as the last bastion of the 'secular' establishment, and the AKP was about to conquer it. The Army, a powerful political actor in Turkey, declared its disapproval. Erdoğan called an emergency election for July 2007. The nationalists mobilized a series of 'flag meetings' in the run-up to the vote, directed against the AKP candidate Abdullah Gül—no less a NATO man than themselves. For a moment it seemed as though the Turkish flags on the street might be a symbol of secularism, as well as nationalism. But when coffins started to arrive from the Southeast, carrying soldiers killed by the Kurdish separatist movement, the PKK, the demonstrations rose to a jingoistic pitch. Young rednecks began filling the streets, calling to account anyone who did not have a flag hanging from their balcony. At this point, middle-class secularists and liberals began leaving the scene. Istanbul's Kurdish districts almost reached boiling point one night in May, as young men gathered in front of buildings and shouted for Kurdish people to come out.

This atmosphere of ultra-nationalism prepared the political environment for the biggest military campaign yet against the PKK. Clearly, the decision had been made long before the demonstrations began, and the establishment media was right behind it. Once the war started, the news bulletins immediately assumed the character of Fox tv during the invasion of Iraq. 'We' was the subject, 'cleaning' was the verb and the targeted object was always 'them'—as if Kurds do not live in Turkey; as if the militants of the PKK facing bombs and artillery fire do not have relatives in the Kurdish parts of Turkey. But who would dare to question this discourse, when the streets were strewn with flags and the nationalist gangs were made out to be 'legitimate' by the media?

Things grew uglier when a couple of high-school students sliced their fingers and used their blood to paint a Turkish flag. They framed it and sent it to the Military Chief of Staff. Reporters were on hand to witness the General crying as he received the 'bloody mail' and unfolded the sacred flag. *Tercüman*, a nationalist-conservative newspaper, published a colour photograph of the flag painted in children's blood, so the blood multiplied as the paper's circulation increased. When I wrote an article criticizing this in *Milliyet*, they printed my photo under the headline: 'She insulted our flag'. What was the attitude of Turkey's 'democratizing force' during all this? Prime Minister Erdoğan leapt on the bandwagon, plastering the AKP's billboards with the slogan: 'One Nation, One Flag'. In the July 2007

elections the AKP won 47 per cent of the vote, which translated into 62 per cent of National Assembly seats under Turkey's distorted representational system: an outright majority, but not the two-thirds required to make constitutional changes which they had had in their first term. When the AKP's new draft Constitution—with its clause allowing students to wear headscarves at university—ran into opposition, they took up the offer of a parliamentary alliance from the ultra-nationalist MHP (Nationalist Action Party) to allow them to get it through. The MHP's quid pro quo seemed clear: the Erdoğan government would burnish its piety by liberating the headscarf but at the same time it would retain Article 301—now lightly amended to criminalize 'insulting the Turkish nation'—and step up the military campaign against the Kurds.

The new alliance brought back memories of the 1980 coup d'état, which had given birth to ultra-nationalism and Islamism at the same time, while decimating the large and militant Turkish Left. Between 1980 and 1983, 30,000 people were stripped of their citizenship, another 30,000 fled the country, 458 people died during torture, 50 were executed and an unknown number disappeared. A generation of progressive men and women was destroyed. The only parties permitted to organize by the dictatorship were the Islamists and ultra-nationalists. Twenty-five years later, their heirs are renewing the alliance as they work together on amending the junta's constitution. Under the new draft, banning political parties will be as easy as it was under the old one. Religion lessons will remain compulsory in primary and secondary schools. In deference to free-market requirements, a harmless clause about the right to live in a healthy environment has been deleted. Freedom of association for civil servants is still limited, and they are denied the right to strike. The nationalist-Islamist alliance maintained a prudent silence about Article 15, which grants immunity from prosecution to the coup generals. When cornered about it, Ergun Özbudun, the AKP-appointed head of the Constitution Drafting Committee, announced that the AKP would abolish Article 15: 'But this doesn't mean that we will hold the coup to account. Even though some crimes might have been committed, they are subject to prescription.'

Like the Kemalist CHP, Erdoğan preferred to keep the focus on the headscarf issue, reiterating: 'The AKP is the only hope for our oppressed women, after years of grief.' (In fact, there was no written law against women wearing a headscarf in public buildings; it is only since the late 1990s that a series of court decisions has contributed to a legal 'case' on the question.) Erdoğan has made a speciality of this discourse of suffering—the 'oppression of the Muslims by the establishment elite'—since the start of his political career. In doing so, he borrows the anti-colonialist discourse of Islamist movements in Egypt or Algeria, creating 'imagined colonialists' in Turkey, which has never been colonized. Erdoğan likes to speak of 'them' oppressing 'the people', without ever making clear who 'they' are. Obsession with

the headscarf succeeded in crowding out all other issues—doctors protesting the privatization of the social security system; teachers asking for a salary high enough to feed their families; Kurds asking for representation in the legitimate political sphere; Alevis (a progressive sect of Islam mostly defined as deviants by the Sunni majority) asking for recognition by the state; women complaining about the growing conservatism in Turkey. Instead, tv and newspapers devoted themselves to the scarf.

What was notable about the public discussion on the issue, however, was that everyone had their say apart from the headscarfed women themselves. Only the men of the AKP—and bare-headed women MPs—could speak. Rather than liberating, the political ambience was humiliating for scarf-wearing women, who had to listen to the men of the party discussing how their headcovering should be worn; they even floated the idea of including a fashion photo in the Constitution to demonstrate the appropriate style. No chadors—that would be going too far; they wanted the modern version, available from Versace and Gucci. A photo of Sofia Loren wearing a ‘Western headscarf’ was duly circulated for approval. Finally, on 9 February 2008, a vaguely worded amendment stating that ‘no one can be prevented from pursuing a university education’ was voted through the National Assembly by the AKP–MHP alliance, by 411 votes to 103. The suffering of Turkish women was presumably over. At this point, 600 headscarf-wearing women, most of them writers, journalists and intellectuals, produced a declaration saying they would not be happy going to university in their headscarves, ‘unless’—and listed the reforms necessary for Turkey to democratize. The declaration was not published in the newspapers that had been defending the freedom to wear the headscarf. The AKP apparently did not want to hear from women who criticized the party line, despite their covered heads.

Meanwhile the ‘secularist’ CHP critics of the AKP’s headscarf reform steadfastly avoided bringing up the question of the state-funded Islamic schools. These *imam-hatips* have been the main purveyors of Islamic conservatism in Turkey since the 1980s, providing Koranic education to both boys and girls, and a secure supply of Islamist cadres; they have expanded significantly under the AKP government. But Turkey’s secularists—whether because they are themselves too Islamized, or because they are afraid of losing popularity with the Muslim electorate by suggesting such a ‘radical’ change—have lacked the courage even to raise the issue, let alone shut the schools down. Far easier to stick to the headscarf. The CHP duly filed a case against the headscarf amendment with the Constitutional Court, while a senior prosecutor called for the AKP to be shut down altogether for its ‘anti-secular activities’.

The AKP’s political ‘open buffet’, dished up with free raki to the hardline nationalists, had previously been served not only to the liberals but to the Kurds. When PKK leader Abdullah Öcalan was put behind bars in 1999,

his organization shifted from calling for independence to more diplomatic terms, such as 'cultural rights', 'constitutional citizenship' and 'legal political representation'. The discourse never seemed passionate enough for Kurdish politics: how could they turn 'constitutional rights' into slogans? Moreover, the AKP was promising the same, or even more, than the DTP, the latest avatar of the Kurdish political tradition in Southeast Turkey. Kurdish voters were openly critical of the inefficiency of the DTP mayors running local municipalities. The Erdoğan election slogan in the region was 'Vote for Your Language or Vote for Your Religion', which translates in the Kurdish case to 'Vote DTP or Vote AKP'. The AKP did very well, not just thanks to such 'open buffet' politics but to AKP-supported organizations which provided food aid, covered in Islamic sauce. Kurdish MPs of the AKP were praying in Kurdish with the voters, and there were free AKP food tents during Ramadan. This is no small matter in Southeast Turkey, where many people go hungry. Erdoğan's declaration that the Kurds were 'Muslim brothers', and offer of free food, was accompanied by a promise to send 1,200 investors and Islamic businessmen to Diyarbakır, where unemployment rates are running high.

But if the Kurds swallowed the bait and voted Erdoğan, they are now seeing the other face of the AKP. Erdoğan's government has been bombing and shelling Kurdish villages both in Southeast Turkey and across the border in Iraq, subjecting them to the Bushite discourse: 'You are either with us or with the terrorists.' The inevitable result of Erdoğan's war has been the coffins of Turkish soldiers, arriving back from the front to Ankara or Istanbul, and serving only to fuel the rise of nationalism and religious conservatism. It was a mark of the extremity to which the country had sunk when the Turkish version of 'Pop Idol' was interrupted by an outburst from a jury member, the diva transexual Bülent Ersoy who had never had anything to do with politics until then: 'If I had a son, I wouldn't send him to this war. This is not our war. This is somebody else's war.' When the other jury members tried to intervene, she protested: 'Cut the bullshit! This is nothing but the clichés and propaganda of the war.' At this point the 'Pop Idol' audience, supposedly ordinary, nationalist Turks, went wild with applause.

So let's count: who is left out of those who think the AKP is a 'democratizing force' in Turkey? The liberals got off the train after Hrant's death, and scarcely played a part in the preparation of the new Turkish Constitution; they were also disorientated by the fact that the EU membership process was now off the party's agenda. Women left the scene after the headscarf issue. Socialists and social democrats had already disappeared, after the AKP's fierce privatization programme. And if we include the 'Pop Idol' audience, that leaves only those who understand Turkish democracy as a sort of 'Islamist corporatocracy', a bit like Dubai; something which probably only Richard, Recep, Anwar and their friends would enjoy.

It is becoming hard to say which has been more authoritarian, the AKP or the nationalists. No sooner do we side against one than we are forced to protest against the other: Dink's killing, then the flag rallies, then the AKP's military campaign against the Kurds. The diva has now been charged by hard-liners under Article 301. On May Day 2008 the 'democratizing' AKP unleashed their riot police against trade-union demonstrators, invading a hospital to haul injured protesters away and tear-gassing patients in the process—an incident that went unremarked by Erdoğan's supporters in the Western financial press. Then on 6 June 2008 the Constitutional Court ruled by 9–2 that the headscarf amendment was 'anti-secular' and so unconstitutional; opening the way to the same finding against the AKP itself later in the year. The logic is for a further escalation of authoritarianism and nationalism on each side—both of which should be opposed.

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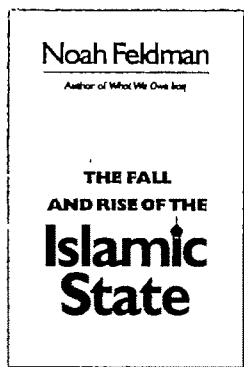
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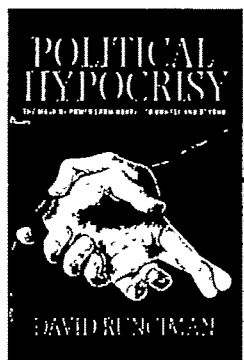
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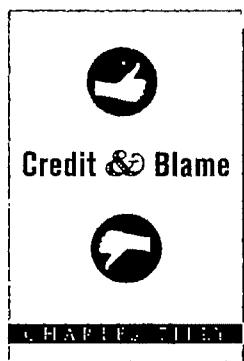
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BRENT D. SHAW

AFTER ROME

Transformations of the Early Mediterranean World

THE IMPRESSIVE PHYSICAL bulk of a work of history sometimes reflects the enormity of the problem, sometimes the demand for a grand new overview, but often the simple majesty of the narrative. Whatever the cause, the writing of history has of late witnessed a discernable trend back to the big. Among these recent epic endeavours are three monumental overviews of the premodern history of the Mediterranean world. The authors of these panoramic studies have focused, above all, on the great forces shaping its history and on the meta-transformations from the ancient to post-ancient worlds of which the Middle Sea was part. All are by English-language scholars working in elite universities. Even so, there is little evidence to show that the writers of these large books directly influenced one other, or that they were aware of each other's megaprojects as they wrote.¹ The convergence of historical interest seems, rather, to be of a more fortuitous and meaningful kind.

It is also manifest that these new interpretations of Mediterranean history have been shaped by the peculiar interests of each set of authors. In consequence, they reflect three different perspectives on a common problem. The first of the triad, *The Corrupting Sea* by Peregrine Horden and Nicholas Purcell, which appeared at the turn of the millennium, unveiled an innovative historical ecology of the Mediterranean world. Their investigations of the Mediterranean core and its transformations emphasize the creative power of a fragmented human ecology, riven with intensity and difference. In this sea world, tiny developments—but widespread in their cumulative effects—led to big changes. Constant movement and adaptation produced, in their own words, a kaleidoscope of small,

sometimes microscopic, bottom-up intensifications in production and consumption.

Michael McCormick's *Origins of the European Economy*, a vast tome covering the whole of the Mediterranean and western Europe in the great transitional age between the fourth and the ninth centuries CE, appeared the following year. By contrast, McCormick's story draws attention to major continuities in the emergence of a peculiar northwest European economy—a grand narrative in which the big pipelines of exchange of high-value commodities, including, critically, the human cargoes of slaves, subsisted as channels of large-scale economic development. If the Roman state-based system was entering into a marked crisis from the third century onwards, the post-Roman states of the Baghdad Caliphate and Carolingian Francia recentred economic structures at the distal points of a prior Mediterranean system. Emphatic images of viscosity and constant movement, of travel and trade, pervade this history too.

The most recent of the triad to appear, and the object of this essay, is Chris Wickham's *Framing the Early Middle Ages*—another work on a meta-historical scale devoted to the same problem and to the same centuries covered by McCormick. The production of three large historical works, of nearly three thousand pages in combined length, that take on the problem of social, economic and political change on a globalizing scale, all in the first years of our new millennium, might be a sign of something significant. But of what?

Braudel's legacy

All of these new studies stand in the long shadow of Fernand Braudel's masterwork on the Mediterranean and its world in the age of Philip II. Braudel's revolutionary perspective on the nature of historical change,

¹ Peregrine Horden and Nicholas Purcell, *The Corrupting Sea: A Study of Mediterranean History*, Oxford 2000; Michael McCormick, *Origins of the European Economy Communications and Commerce, AD 300–900*, Cambridge 2001; and Chris Wickham, *Framing the Early Middle Ages: Europe and the Mediterranean, 400–800*, Oxford and New York 2005 (a paperback edition was issued in 2006); for American readers at least, this work now bears the somewhat ominous acronym of FEMA. As the last in the series, although not by much, Wickham lists Horden and Purcell in his bibliography, but with indications of haste: one author's name is misspelled and there is little evidence of the actual use of their work (all in the final chapter).

originally published in France in the aftermath of the Second World War, began to have a substantial impact on the English-language historical profession following its translation in the mid 1970s—a critical moment for the generation of which these historians are part.² Braudel purposefully foregrounded the formative power of massive geomorphic and ecological forces—the sea itself, its prevailing winds and currents, the mountain highlands and plains surrounding it—as huge and impassive elements that were set in a structure against, famously, the froth and temporality of mere human events. So it is not unfitting that all three investigations emphasize the long-term impact of the geographic stage. Wickham, too, begins his work with an introductory survey of the interrelationship between geography and politics in the circum-Mediterranean lands although, tellingly, it is one of the briefest chapters (39 pages) of his large book.

The writers of these new histories are reacting not only to Braudel, but also to other fundamental changes in paradigms and models that disturbed the writing of history in the last decades of the twentieth century: the rise of ecological globalism; the search for new paradigms in various postmodernist strands of theorizing; and the demise of classical Marxism, certainly in its more 'vulgar' modes, as a sufficient explanatory model. Horden and Purcell, for their part, abandon Braudel's grand visionary unity of the Mediterranean in favour of what might be called a postmodernist fragmented understanding of process as defining Mediterranean development. They question almost every shibboleth of received historical truth on the subject, from the need to think of set categories like towns and cities to the real existence of a great historical transformation marked by anything that might be usefully or honestly called a 'middle age'.

Taking a different tack, McCormick focuses on the axial driving forces that fuelled the gradual movement from ancient to early-modern European economies. He has argued that highly profitable sectors such as the slave trade, that were at the leading edges of its dynamic, remained an important core element of Mediterranean-centred exchange systems (Wickham, as we shall see, dissents). The central arguments of both of these works insistently foreground the role of communications: the exchange of

² Fernand Braudel, *La Méditerranée et le monde méditerranéen à l'époque de Philippe II*, Paris 1949 (second edition: 2 vols, 1966); *The Mediterranean and the Mediterranean World in the Age of Philip II*, 2 vols, translated by Sian Reynolds, London 1972.

goods and materials, the movements of migrant populations, and the fragmented push-on flows of knowledge, innovation and information.

Routes from antiquity

Chris Wickham's masterwork is entirely unlike these other two. Its genealogy, stemming from what now seems to be the nearly-deceased great tradition of Anglo-Marxist history writing, may explain its focus on the economic and political problems that moved an earlier generation of historians.³ More than the other two large works—and by far—he concentrates on various kinds of structurally ordered social and economic categories and conflicts which, from Marx to Weber (and beyond) have been placed at the centre of the second great transition: modes of economic exploitation, shifts between slavery and serfdom, the emergence of new urban orders, the antagonistic classes of aristocrats and peasants.⁴ Recourse to the looser metaphor of 'framing', however, indicates the less certain vision of this post-Marxist historiography—there is no hint of stages, historical lineages, evolutionary steps, bases and superstructures, or any integrated nexus of well-defined linear sequences. Teleological interpretations of history, indeed, are specifically abjured, since 'they are always misleading'.⁵ If he eventually gets around to circulation and exchange, it is in a final chapter that bears hallmarks of a late addition and a shift in thinking.

Whatever apprehensions and hesitations might be raised by the radical uncertainties of Wickham's new history, there can be no doubt about the high quality of the scholarship. In his careful and painstaking control of the microscopic and diverse detail that knits together both archaeological and literary evidence, the author is without peer since Rostovtzeff. One of the best analyses of the book concludes: 'all told, *Framing the Early Middle Ages* will remain a major breakthrough in historiography'—adding, exuberantly, the further judgement that 'the

³ Which is why, I suspect, it seems to some to represent a revival, of sorts, of 'social and economic history'. M. Whittow, 'Beyond the Cultural Turn: Economic History Revived?', *Journal of Roman Archaeology*, vol. 20 (2007), p. 697.

⁴ Therefore, much the same categories that informed Perry Anderson's overview produced in the mid-1970s *Passages from Antiquity to Feudalism*, London 1974; with the follow-on companion volume which, notably, emphasized the connections to the modern state: *Lineages of the Absolutist State*, London 1974.

⁵ FEMA, p. 831.

crisis of the Roman empire has never been described with more verve or intricacy since Gibbon.⁶

The writing is precise and controlled, surgically efficient in its individual parts, carefully assembling mountains of exactly determined facts to argue each particular case. Sometimes it is adventuresome, too. Perhaps no more so than in an Edmund Morris moment when, in the face of no available historical instance, Wickham invents a fictitious post-Roman English village, dubbing it 'Malling'—a village that appears later in the book, rather unnervingly, almost as if it were historical fact.⁷ So, too, not insignificant parts of the book are exercises in controlled speculation, especially where the evidence is mutely archaeological, as with Denmark, Ireland, Wales and England in the post-Roman age (much of the sixth chapter, therefore). These mental experiments often lead to innovative and productive conclusions as, for example, on the reasons for the strongly divergent fifth-century developments in Britain and northern Gaul.⁸

The balance between passages of hard description and ones of educated guesswork filled with striking numbers of 'coulds', 'woulds', 'could have beens' and 'might have beens',⁹ however, is well struck, and the risks of speculation are more than balanced by the virtues of the sheer scale of the coverage. A truly breathtaking panorama is offered. Complaints have been issued about this or that scholar's favourite region having been slighted or omitted (as frequently, the Balkans). But in his gigantic anti-clockwise overview, Wickham includes detailed analyses of North Africa, Egypt, Syria–Palestine, Greece and Anatolia, Italy, the Gauls and the Rhineland, Iberia, England and Wales, Ireland and Denmark. Whatever the omissions, this is by far the most comprehensive perspective that has been offered by any recent historian of the period.

Although Wickham questions almost every basic truism that has been accepted as part of the conventional solutions to his problem, he is

⁶ Jairus Banaji, 'Chris Wickham and the End of Late Antiquity', Appendix 5, *Agrarian Change in Late Antiquity: Gold, Labour and Aristocratic Dominance*, revised edition, Oxford 2007, pp. 268 and 260 respectively.

⁷ FEMA, pp. 428–34; see also, for example, pp. 540, 542, 572. The same village appears as a regular entry in the index. See Morris's fiction-rich *Dutch: A Memoir of Ronald Reagan*, 1999.

⁸ FEMA, pp. 331–2.

⁹ For example FEMA, pp. 330–3, 540–1.

neither mindlessly iconoclastic, nor does he needlessly stretch to save appearances. When the facts do not sustain traditional interpretations, then the latter are dismissed, sometimes curtly, but with full justice—even if they are ones that Wickham himself once accepted. He cautions against ‘factoids’ and dubious assertions, refreshingly denouncing some ideas as ‘extremist’ and others as ‘phony’ or just plain ‘crazy’.¹⁰

Transitional motifs

Faced with such an expansive and finely detailed revisionist work, the place for the reviewer to begin is at the end. For—and we readers are truly grateful—in the concluding chapter, Wickham both defines what he means by ‘framing’ and offers a laudably brief four-page summa of the findings of the preceding 800-plus pages of text. For the moment, he announces, he is bailing on any cosmic answers and instead presents his work as just a first step: he means only to essay a complex series of *variables* that ‘frame’ the question. He nonetheless insists that there are some overarching themes that define the transitional age between 400–800 CE.

Most of these similarities are linked in some fashion to the simple fact that the political structure of the Roman Empire fragmented and then ended—in the fifth century in the West and in the seventh in the East. Almost everywhere fiscal structures became more rudimentary than before (sometimes even disappearing in any meaningful sense) and the political elites—the aristocrats, as he calls them—lost power and wealth. Consequently, it is argued, peasant communities generally became more autonomous. The aristocrats themselves underwent a profound transformation in style and behaviour, from being the civil elite of a world empire to becoming a militarized class whose power was anchored in the various microregions of a now disappeared imperial state. A further consequence is that the bounds of significant action and development became severely regionalized: the microregion, which had always been present, now became, once again, the dominant frame of power and development.¹¹ In all of this, there are cautions: although Wickham accepts the fact of severe population decline in some regions, he emphasizes that in general lands were not abandoned or left uncultivated on any significant scale. There was recession, but no totalizing collapse or catastrophe.

¹⁰ FEMA, pp. 83, 96, 133.

¹¹ FEMA, pp. 473, 827–30.

The whole argument is built with a close attention to detail and sequence that is evident on every page. It is constructed carefully, step-by-step. Beginning with a fine-grained analysis of the state, Wickham moves to the important class of 'aristocrats' and their management of landholdings, and from this basis to peasants and their social organization. He then proceeds to an analysis of the units containing the rural population: villages and other kinds of settlement. At the end comes a duet of chapters that seek to catch these units in movement. The dynamism of the greater system was formed by its interconnections, and in the making and sustaining of these links he insists on the importance of the long-distance mass transport of basic commodities.

Having made their way through more than 700 hundred pages of dense text to arrive at the eleventh and final chapter on 'systems of exchange', it might surprise ordinary readers to discover that they have finally reached the 'core of the book'.¹² That this chapter was the last in the long gestation of the book is significant, because its language and conclusions seem rather novel compared to what precedes. In important respects, they seem to contradict the emphases and categories with which the book first begins, thereby opening onto a 'subversive history' embedded within an account that already questions the basic categories of historical analysis of this great transitional age.

Consider some of the conclusions to which the author is finally led. He places a driving priority on what he calls 'a primacy of causal factors internal to regions when assessing economic change in our period.' The correlated claim that 'the major underpinning' of the economic system is 'demand, above all for bulk goods', closely supports the first. By this kind of demand, he means the Mediterranean-wide shipment of bulk agricultural commodities—cereal grains, olive oil, wine—and of mass-produced items of consumption like common tablewares, glasswares and textiles. Since 'the scale of bulk exchange is the main marker of the complexity of regional economic systems', it is the critical test of the existence of a larger Mediterranean system of exchange.

These conclusions are linked to two related claims: first, that 'the wealth that underpinned large-scale demand was essentially the wealth of the land-owning aristocracy', and second, that a common imperial fiscal structure was 'necessary for regional economies to have more than

¹² FEMA, p. 693.

marginal links with each other'.¹³ The first big problem that the reviewer faces is this: whereas Wickham's analysis demonstrates his first two theses in abundance, his own arguments and evidence seem to indicate that the latter two claims are unfounded—indeed, unnecessary.

Aristocrats and tax-collectors

Wickham's framing restores the central importance of conventional units, beginning with the state and the upper class—here, 'aristocracies'. A basic typology of the state—tribute-collecting versus land-granting—asserts that the tax-based ones are more intrusive and autonomous; the former strong, the latter weak.¹⁴ It might be remarked that finding historical examples of non-tribute-based states of any significance is a difficult task. Most of the post-Roman states in western Europe, for example, seem to be tax-collecting entities, even if the taxes were expended on a court rather than an army.¹⁵

In this system, the critical importance of aristocrats resided not so much in rulership, or cultural and social leadership, as in the fact that they held the enormous accumulations of wealth which created the large-scale economic demand that made the Mediterranean system work. As these two pillars of bigness gave way, the argument goes, the Roman imperial state and the whole Mediterranean world associated with it fragmented and dissipated into new and different successor regimes.

Some hard questions must be put to the putative status of these basic units and their imputed functions. Despite the record laid out in vast and minute detail on the role of aristocracies (a mammoth fourth chapter), a closer look at the evidence provokes doubt about the singular role that is ascribed to them. Since the larger and smaller component systems are driven by economic demand, the important role of aristocracies was that they provided the critical powers of acquisition that drove consumption to higher levels. Even given the paeans to aristocratic wealth in the period, and the fact that the truly staggering wealth of some western aristocrats might justify Geoffrey de Ste. Croix's angry denunciation that

¹³ FEMA, pp. 819–20.

¹⁴ FEMA, pp. 56–8, 144–5, 826.

¹⁵ FEMA, pp. 96–101, 107.

so much of the wealth of the Mediterranean was somehow 'just draining to the top' in this period, the claim seems dubious.¹⁶

Based on the quantities alone, there were just not enough aristocrats with sufficient expendable wealth in their hands to produce the level of demand that Wickham needs to sustain the immense long-range transport of basic bulk commodities that he sees as the heart of the system. This level of demand must surely have been produced by very large numbers of individual consumers, with not insignificant proportions of them strongly interconnected in towns and cities that concentrated demand. Where he has the best evidence on the ground—from the economy of late Roman Egypt—Wickham shows that it was the mass of little urban and village consumers who 'made up the main buyers for the agricultural surplus of the rich and poor alike, and stimulated the articulated and controlled agrarian production of big estates like [those of] the Apions'.¹⁷ This simple fact suggests, in turn, that the whole subject of the historical demography of Mediterranean lands in antiquity cannot be swept entirely off stage and left undiscussed.

The question of how mass demand for basic commodities arose points to a series of driving forces that have much to do with resources which could be tamed, directed and encouraged by various types of human organizations that replicate themselves across space. For these same reasons, I think that perhaps too great a burden is being placed on the state and its taxation system. First of all, the tributary levels of the Roman empire were low by comparison with the revenues of modern states: generally, they were on a level of 10 per cent or less of annual production. State receipts probably represented a modest proportion of the annual gross product of the Mediterranean.¹⁸ The Roman state's collation of wealth and spending

¹⁶ G. E. M. de Ste. Croix, *The Class Struggle in the Ancient Greek World: From the Archaic Age to the Arab Conquests*, London 1981, p. 503 (the phrase was originally Peter Brown's).

¹⁷ FEMA, p. 767.

¹⁸ *Contra* Wickham, whose guesstimate of a 'take' by the state on the order of 25 per cent I cannot accept: FEMA, p. 65–6, 108. See Keith Hopkins, 'Rome, Taxes, Rent and Trade', *Kodai: Journal of Ancient History*, vols 6–7 (1995–6), pp. 41–75, reprinted in Walter Scheidel and Sitta von Reden, eds, *The Ancient Economy*, Edinburgh 2002, pp. 190–230, who argues for even lower overall rates of taxation: 5–7 per cent of GDP. Even if Wickham, *ad loc.*, restricts his guess to some sixth-century cases, I am still dubious; the larger point is that they are surely not applicable to the general Roman Mediterranean system.

was an important driver, but it could not, even in the supply of the imperial army, have created the kind of demand envisaged by Wickham.

The gargantuan eleventh chapter of the book similarly embodies other surprises and paradoxes. On the one hand even the most patient readers, having made their way through the detailed arguments of the preceding chapters, are likely to be unprepared for the final onslaught that faces them. It is a gruelling march through endless potsherds that will test the endurance of the most dedicated ceramophile. Even those whose libido is moved by transport amphorae and common tablewares will find themselves challenged to stay the course. On the other hand, and dramatically so, for the first time in the entire book—airs of the most recent addition to the whole?—the author speaks in much grander and more sweeping terms of either a Mediterranean World System (henceforth, MWS) or a Roman World System (henceforth, RWS). The two are never really defined or differentiated. Sometimes they seem distinguishable from one another, in other cases they seem to overlap or even be the same thing. Whatever their precise relationship, it is clear that the author is now thinking of change on a truly grand scale.

Trade, tribute, empire

Wickham has long insisted on the importance of tribute and tax-collection as the core to understanding the ancient Mediterranean system since a famous, and still controversial, article he published in the early 1980s.¹⁹ The mantra is repeated throughout the book, which ends with a typically firm declaration: 'a fiscal infrastructure was necessary for regional economies to have more than marginal links with each other.'²⁰ But this is manifestly not so, again on his own evidence.

One of the best studies of the means that made Mediterranean bulk exchange possible—the shipping business—reveals a parabolic normal curve with a regular rise to Mediterranean-wide intensity and then an equally regular and Mediterranean-wide fall-off.²¹ This regularity could

¹⁹ Wickham, 'The Other Transition: From the Ancient World to Feudalism', *Past & Present*, vol. 103 (1984), pp. 3–36.

²⁰ FEMA, p. 820.

²¹ Anthony Parker, *Ancient Shipwrecks of the Mediterranean and the Roman Provinces*, BAR International Series no. 580, Oxford 1992; this, with some other relevant evidence, is recapitulated by François de Callatay, 'The Graeco-Roman Economy in the Super Long-Run: Lead, Copper and Shipwrecks', *Journal of Roman Archaeology*, vol. 18, 2005, pp. 361–72.

be attributed to accidents of discovery, the chance collations of the data, dated shipwrecks, if it were not for the fact that a number of different indices point to the same process. For example, the rise and fall in the whole quantity of coin production, in the dated use of papyrus for writing or, perhaps most striking of all, in the global effects of the air pollution produced by this system that can now be traced in northern European lakes and even in distant Greenland. They all reveal the same general pattern of rising and falling. And there is one thing that can be said for certain about all of these factors: their rise takes place *before* the imposition of a Roman imperial system on the Mediterranean, while the systemic decline begins and continues without a break *within* the high period of the imposition of a Mediterranean-wide tribute system by the Romans.

This matches Wickham's own evidence, which demonstrates that in the western parts of the empire, where the trend first becomes apparent, Mediterranean exports to peripheral regions were already in significant decline from the beginning of the fourth century.²² Although the fourth century might be an age of recovery in the West, the recoupment was at systematically lower levels than those of the high empire. If the state and its tributary networks—the fiscal system—was 'the main motor' for economic development, then it signally failed in this function.²³ State enforcement and collection of tribute was more rigorous and at higher levels in the late fourth and fifth centuries than it had been in earlier times, and its expenditures and requisitions were greater—all of this in a time when one can track an overall fall in both demand and production.

In short, the evidence demonstrates that the Roman world state was as much a beneficiary as it was a primary cause of the economic system. We privilege the state and its apparatuses because we have been taught, from the nineteenth-century European models, to exalt it: to set the state on an intellectual and ideological pedestal to the exclusion of many other human organizations that are analogous in kind. An outside observer might see the state as another kind of intriguing, large-scale social network which both benefited from and created intensifications of demand and supply. All kinds of these, from great families and houses to monasteries and religious establishments, which sometimes owned considerable proportions of all arable land, contributed to and competed

²² FEMA, pp. 77–8, 179–80.

²³ FEMA, p. 79.

in the process.²⁴ The debate over whether private estates did this and public states did that is therefore, in the end, a little arid.²⁵ The competition between these units *at every level* caused both the potential for expanding external domination and the increasing demand for internal refashioning, efficiency and discipline.²⁶ But the MWS did not exist because of any one of them. To say that 'each region's economic history did not depend on structural links with its neighbour after the breakdown of the pan-Mediterranean Roman fiscal system' is really only to say what had always been true.²⁷

The story, as Wickham tells it, narrates a normal and somewhat predictable tale. Roman hegemony over the Mediterranean unravels in almost precisely the opposite direction from which large states had first begun to dominate the sea's ecology and gradually to unify its lands: from northwest to southeast. Beginning with Britain, its weakest link, the system gradually recoils southeastward to its anchor in Egypt, its strongest base, before it finally dissipates. (It is tempting to see the modern European Union following the opposite trajectory.)

In any event, Britain and the central Maghrib were not the first to experience this total breakdown. By the last decades of the third century the Roman state had already abandoned similar outlier regions. In the far northeast it left Dacia, almost all of present-day Romania north of the Danube; in the extreme southeast it abandoned the whole region of Egypt to the south of the first cataract; and in the far southwest, Mauretania

²⁴ For example, on the significant role that could be played by networks of families, friends, traders and tradesmen, see Avner Greif's work, including 'Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition', *The American Economic Review*, vol. 83, no. 3, June 1993, pp. 525–48; Avner Greif, Paul Milgrom and Barry Weingast, 'Coordination, Commitment and Enforcement: The Case of the Merchant Guild', *Journal of Political Economy*, vol. 102, no. 3, June 1994, pp. 745–76; and Avner Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, Cambridge 2006, especially chapter 3, based in part on the documentation of the Cairo Geniza.

²⁵ For example FEMA, p. 71, on the great estates of sixth-century Egypt.

²⁶ Victoria Tin-bor Hui, *War and State Formation in Ancient China and Early Modern Europe*, Cambridge and New York 2005, esp. pp. 79–84 and 178–89, on what she generally calls internal 'self-strengthening' reforms.

²⁷ FEMA, p. 821. See, for example, Alain Bresson, *La cité marchande*, Paris 2000, *passim*, on the existence of these discrete economic zones through the Hellenistic period in the eastern Mediterranean.

Tingitana, present-day northern Morocco, was left to its own devices. Britain, the one outlying region that was not abandoned in this first round of downsizing, was therefore an isolated exception in this process.

Why this manner of unravelling? In highlighting the great importance of 'internal demand to its [i.e. the MWS's] articulation in every case', Wickham understands how this insight does not just question Pirenne's famous dictum on Mohammed and Charlemagne, but completely reverses it. He also understands that Pirenne's idea still has such great force precisely because 'it fits in with the longstanding metanarrative of medieval economic history which seeks to explain the secular economic triumph of northwest Europe.'²⁸

The apparent paradox is that we seem to be parachuted into a variant of this same big story in the process of the framing. That is to say, the new history privileges precisely the same categories of analysis—the state, taxation, estate management and reproduction, the social and economic position of peasants, the role of cities and urban industry, and cultural priorities—that have been at the heart of this model from Karl Bücher and Karl Marx to Marc Bloch and Moses Finley. It also describes with great accuracy how the weakening and, finally, the collapse of the tribute-collection process deeply affected the entire system of exchange that was sustained by an imperial Mediterranean state; how almost everywhere the elites became poorer and, in turn, generated much lower levels of economic demand; how regional autonomy eventually became dominant; and how a peculiar response in northwestern Europe emerged and came to characterize a new economic order. This has all the thrill of telling us, after the fact, what we know happened by hindsight. So it seems to confirm, although in a different way and by different means, a version of Pirenne's tale.

Shifting the boundaries

This is one way of understanding this investigation, of reading this text. As with any great work that has complex levels of analytic depth, however, it can be rotated to other angles of perception, with profit. Another way of looking at Wickham's *Framing* would be to consider manifest ways in which, taken at face value, it is a subversive work; but perhaps

²⁸ FEMA, p. 822.

even more subversive than the author himself intended. Pretend for a moment that you are an alien visitor to the planet. This is one of the few big writings that survives. Carry the pretence one step further. Imagine that the whole survives minus its fancy dust-jacket, the expensive OUP hardcovers, its introduction and conclusion, and with the title pages gone. No 'Framing' and no 'Middle Ages'. What would you make of the story that is told? What would seem to be the principal containers, connectors, modes of production and other important drivers that were involved in the transformations of the ancient Mediterranean world?

First of all, the insistence on the priority of the Roman imperial state and its taxation seems, on the internal evidence alone, to be overdone. State and tribute are important, but they do not explain either the genesis or the general development of the system. If the Carthage–Rome axis was the 'spine' that anchored the western Mediterranean system (which is generally true), then all one can say is that this 'spine' was in place well before the consolidation of the Roman imperial state. The weighty south–north line formed of networks of exchange and urban development that ran from northern Tunisia, through Sicily, to the southern and central regions of the Italian peninsula, was already apparent by the fifth and fourth centuries BCE. It did not depend on any overriding imperial state to bring it into existence or to sustain it. Quite the reverse.

It is this same commitment to the 'tributary mode' that determines Wickham's interpretations of the downturn of the system in the west. The causes of its end are laid at the doorstep of war—the Vandal invasion of north Africa in the 430s—and the breaking of the tributary nexus between Africa and Rome.²⁹ All the evidence elsewhere in the book, however, stands against such an interpretation. Africa, for example, continued to do quite well under Vandal rule.³⁰ And why not? The Vandal rulers were re-enacting the same parameters of the Carthaginian–Punic hegemony in the Mediterranean in the sixth to third centuries BCE. And, far from destroying any western Mediterranean 'world system', the early western Phoenician and Carthaginian polities were actively engaged in creating it, and with it the axis of economic development that was aligned along the Bay of Tunis–Sicily–Bay of Naples corridor. All the evidence points to the breaking of this system as implicated in a violent transition

²⁹ FEMA, p. 710.

³⁰ FEMA, p. 711.

on the level of war, but it is the Byzantine reconquests of the 530–60s in Africa and Italy that mark the transition. At this point these lands were no longer part of a general Mediterranean political system, but rather the violent western periphery, the war frontier, of an eastern Mediterranean state. The whole east–west frontier running along the northern boundary of a unitary Mediterranean empire had now swung vertiginously into a north–south vertical line dividing the two Mediterraneans. Instead of being at the centre, Italy and north Africa were now borderlands.

Based on the details that our alien would read, the absolute priority placed on the imperial tribute-collection system seems at least to be overly emphasized, if not misplaced. It is repeatedly stated, for example, that the MWS collapsed because of a crisis in the fiscal system that supported it.³¹ But in almost every significant case that Wickham himself documents, the imperial state was losing its tax incomes not because of internal administrative problems, economic downturns within subregions (indeed, sometimes quite the reverse was happening), or difficulties with the collection of tribute, but rather because the central state was systematically losing huge land areas of its tax base through the prior agency of violent force. The whole of his detailed study of the economies of Egypt and Syria–Palestine in the period are as good a demonstration as any of the process. Not only were these regions doing well during the fifth and sixth centuries, they were doing better than ever. Then, suddenly, the end came.

Prophet's sword

As our external reader would discern, the problem is not so much with what was happening, as with *how* it was happening. In the emergence and recession of higher and more intense concentrations of population, hierarchical ranking of control, specialized production, the consumption of wider ranges of commodities and the emergence of large-scale connections in the Mediterranean, the minutiae of the evidence so carefully and accurately collated by the author points in one direction, but his conclusions in another. The lands of the Maghrib, for example, suffer the same down-sizing, decline in population, increase in peasant autonomy, impoverishment of nobles and de-urbanization as do the lands of western Europe, and yet only the latter experience the precise kinds of post-Roman

³¹ FEMA, pp. 778–9.

developments described. Why? The explanation given is that two of the regions that experienced the most severe downturns after the fragmentation, Britain and the eastern Maghrib, were so isolated and internally committed to a civil version of the Roman cultural system that its failure unduly impacted them. It is as good and convincing an explanation as any currently on the table—better than most. But if true, it seems, on the face of it at least, to point to factors other than tribute collection and the position of aristocracies and peasants as the moving forces of change. Even where the emperor was by far the single largest landowner—for example, in Africa—would he or his court alone produce sufficient consumptive demand necessary to sustain a substantial part of the entire system? The same question must be put with regard to the aristocrats. In any event, the argument seems to arrive at a negative conclusion on this point: ‘the Mediterranean exchange system . . . once established, created its own structures of commercial exchange. These structures outlasted the failure of the fiscal motor’—presumably including demand.³²

A good test case is provided by one of the best-documented regions of all, that of Egypt—the riverine economy of the Nile. Here a strong regional economy was maintained, one that suffered the least demonstrable effects of the collapse of the RWS—*despite the weakness of aristocratic demand*.³³ Egypt’s internal economy nicely survived the demise of the MWS in ways that Britain and the central Maghrib demonstrably did not. High population levels and good communications are the proffered explanations. The causes had to be some combination of factors connected with internal markets that were capable of weathering basic shifts in external fiscal systems. The reference to communications requires a series of related factors including, above all, the compact and dense nature of a relatively numerous population, in which every unit was in ready and less expensive communication with the others.

In this case, too, the impact of an entirely new and different culture—in language, in religion, in law, in aesthetics, in social norms—never seems seriously to be confronted. The whole impact of Islam on this transition is just ‘not there’. The omission is significant not only for matters of thought, belief and culture, but also for economic reasons fundamental to the place of the Mediterranean in development.³⁴ It seems to be

³² FEMA, p. 819.

³³ FEMA, pp 766–7; my italics.

³⁴ Banaji, ‘Islam, the Mediterranean and the Rise of Capitalism’, *Historical Materialism*, vol. 15, no. 1, 2007, pp. 47–74, arguing for its importance in the great shift from a Mediterranean to an Atlantic phase of capital development

assumed that, for some reason, a huge part of the ancient Mediterranean World System just disappears from our purview. If a 'feudal mode of production' emerged in these lands (but did it?), it did not have the same valence and impact as that in northwestern Europe.

But even for western Europe, the alien reader would be more than a little troubled. Among many other questions, he would surely be concerned with this one: why is it that of all the possible explanations and models for a collation and intensification of economic, social and political bonds in western Europe, the only one that is presented is one that posits the lordly use of power and coercion against weak and unwilling peasants who resist such impositions? The question so forcefully presents itself since, despite a prolonged effort to find it,³⁵ what evidence there is gives no indication of either a generalized peasant resistance to the process or of the centrality of force or compulsion as the main cause in the convergence of aristocratic and peasant interests. What happened *seems* not to be in dispute: that is, the move from a dominant peasant mode of production to a dominant feudal mode. Once again, as the author himself states, there has hardly been any serious study on *how* it happened.³⁶

Roles of war

Pressed in this manner, other ghosts begin to appear in the machine. The words in the narrative repeatedly document highly salient or coordinated violence—most often in the form of war—as a critical cause in shifting the course of economic, social, political and cultural action and communication. War remakes the Iberian peninsula, it refashions Africa and breaks the critical 'tributary spine' that is the axis of the western Mediterranean exchange system, and it reconfigures the Rhine frontier and hence Francia. It remakes peninsular Italy. It is *the* cause of the break in the 'eastern tax spine' that severs Egypt and Syria-Palestine from the eastern Roman state, where the precise consequences of losing and winning wars are presented in graphic detail.³⁷ A special instance is offered by the case of Egypt. Since the removal of the author's favoured factors—the Mediterranean state and its tributary system—does not cause an internal disintegration of the system, it compels him to move war to the head of the list of causal factors.³⁸

³⁵ FEMA, pp. 577–85.

³⁶ FEMA, p. 571.

³⁷ FEMA, pp. 94, 87–8, 102–3, 203–4, 125–6, 127–8.

³⁸ FEMA, p. 769.

It is apparent, indeed, from all the assembled evidence that the core of the eastern MWS was flourishing until broken by war: 'the network was thus still in place, hardly touched, when the Persian and Arab invasions started'. In this case, the consequences are severe: this network, so strong for so long, vanishes in just a generation (not three on my calculation and on his evidence): between 614 and 642, Egypt and Syria-Palestine are forever severed from their previous north-south Mediterranean connections.³⁹

Despite all these basic data, two things are remarkably evident. First, the remarks about the causal effects of large-scale violence are almost wholly subordinated to the other categories of analysis; they enter the narrative almost as after-the-fact notices. Although war is finally noted as one of the major factors involved in the transformation of the MWS (the RWS version) into whatever it was that followed, it is not included in the author's grand conclusions, where war is, almost inexplicably, entirely absent. Rather, in the midst of a discussion in one chapter, war appears third in priority, after the emphasis given to fiscal/tributary systems and the problems of land ownership. It is interesting to note the grudging language: 'Third, we must recognize the impact of war and generalized destruction . . . This factor has tended to be referred to here only in passing, but it would be foolish to deny it altogether.'⁴⁰ One has the distinct feeling that the author feels compelled to note the factor since it would be imprudent entirely to deny it. War deserves more than this off-hand concession. Much more.

The problem here, I think, goes back to an Austro-German model of explaining great transitions in human history that was first formulated in the long nineteenth century, but which still dominates our thinking. Little or no theorization of war or violence was built into its crude evolutionary paradigm, which highlighted antagonistic classes, economic forces and the natural growth and supersession of stages of human development, motored along by production and transformations in property and labour regimes. I admit that the theorization of violence and war is difficult and that almost nothing of merit exists even now for antiquity. But anyone who considers the bare record of what happened to the MWS can scarcely deny the preeminent role of war and violence in the making and unmaking of the system, even in its smallest constituent parts. Belief is another similarly undertheorized strand in *this historical theory* (and I am well aware of Weber).

³⁹ FEMA, p. 716.

⁴⁰ FEMA, p. 719.

As noted above, it is only towards the end of this monumental work that the author begins to speak of a Mediterranean World System.⁴¹ Even so, this 'world system' was not at all sufficient in its own right. One difficulty, therefore, is to sort out internal and external pressures, since this system was located, like a series of tiny disjointed island environments at the extreme distal end of a vast Eurasian system of circulation of populations, ideas and goods. Its containers point to the far larger human systems that are not even hinted at: the huge oceanic resources of the Atlantic to the west (what sort of mode of production was this?) and the larger world of pastoral nomadic communities on the huge and expansive Eurasian plains to the east.

To talk about the impressive wealth of Palestinian regions, for example, in later Antiquity, with no reference to the probable impact of the economies of Sassanid Persia, but almost solely to an inside set of drivers, seems problematic.⁴² And how much that was relatively unusual about the MWS was driven by the sheer intensity of communications and populations in insular and peninsular environments, whether those of the Mediterranean or Atlantic-facing Europe? Once asked in this fashion, I think that our attention is deflected from peasants and aristocrats, to another underlying theme that constantly resurfaces throughout the book and which, by its end, is emphasized with a peculiar force: the microregion.

The micro level

The great importance of the microregion is a point upon which the author insists, and the mountains of evidence assembled by him support his contention. These are the fragmented smaller worlds of regions, sub-regions and micro-zones that contributed to the making of this world: the ecological units that were the primary elements of production and exchange out of which the larger Mediterranean system had to be created. But what were they, really? They keep coming up time and again, as not much more than 'containers'—things somehow just happen at this level, even in response to larger forces. What larger units did was to provoke sufficient demand to encourage the exchange of mass

⁴¹ FEMA, p. 708.

⁴² See the review of FEMA by John Haldon, *Historical Materialism*, vol. 17, 2009, forthcoming, for a critical view of the relevance of the Sassanian evidence to this problem (although the scholarship is arraigned in his review for rather different purposes).

commodities for bulk consumption that linked the smaller units into larger 'world systems'. Others have been exploring these same directions, driven in part by the arguments of Horden and Purcell.⁴³ Some of these small systems, like Egypt along the Nile, Wickham convincingly sees as analogues of completely internally coherent systems that were already like modern nation-states in antiquity: a national unit with its own little national economy.⁴⁴

Even so, the really difficult question is: how did the system work? Hints are present, here and there, about how the system changes. At several points, critical ones indeed, the explanation assumes the jargon of the Gladwellian 'Tipping Point', as the cumulative weight and combination of changes suddenly lead to what the author vividly calls a 'catastrophe-flip' in the whole system: the fate of the cities of seventh-century Byzantine Anatolia (notably caused by war); the end of African Red Slip ware production; northern Italy after the 650s, among other cases.⁴⁵ These observations point to systemic engines of creation and mutation that escalate and de-escalate in ways perhaps typical of other biological systems.

Reversion is another process that is manifest in Wickham's evidence: turns that mark the relapsing of larger units into existing microregions. Replication also seems to be central to its operation. In other words, one sees in the scale and complexity elements that point to neo-Darwinian models as perhaps indicating a way of comprehending the changes. The parabolic curve of development suggests that population growth and recession, and an attendant rise and fall in consumption, were basic causes (as admitted in the well-documented case of Egypt).⁴⁶ But much else was involved, including peculiar pushers, drivers and catalysts for which, probably, a new vocabulary will have to be developed by historians.

In the shortest, but perhaps most powerful chapter—the fifth, on land management—the author points away from fixed categories to more labile ones that allow us to escape both our devotion to the bisectoral manorial economy, on the one hand, and the need to bestow a wholly

⁴³ Horden and Purcell, *The Corrupting Sea*, p. 79ff., for example; and by the reviewer, applying their concept of the 'virtual' island: Shaw, 'A Peculiar Island: Maghrib and Mediterranean', *Mediterranean Historical Review*, vol. 18, no. 2, December 2003, pp. 93–125; now also by others: David Kennedy, *Gerasa and the Decapolis: A 'Virtual Island' in Northwest Jordan*, London 2007.

⁴⁴ FEMA, p. 767.

⁴⁵ FEMA, pp. 633, 713, 732–3.

⁴⁶ FEMA, p. 767.

unique status on slave labour in production on the other. He clearly sees that these are different responses to a similar problem: the need to intensify production. This need fuels the attendant drive both to close control and monitoring procedures and to specialization in production.⁴⁷

Old models, however, just refuse to die: so exhausting and unnecessary reachings are made to demonstrate the earlier existence of this particular mode, the 'demesne type', here and there in the ancient Mediterranean,⁴⁸ instead of accepting the mode for what all current evidence shows the bipartite agricultural domain to have been: a peculiar response developed in northern Francia.⁴⁹ (That is to say, *in this specific mode* since, in general terms, the response of bipartite land management, apart from the privileged use of the term *demesne*, was surely found at many times and places in global history.) The adoption and extension of this technique along various arcs extending outwards from Francia was perhaps provoked because components in it—like the specialization of market-oriented production—matched the labour regimes and conditions of demand and supply found in that particular historical context. So attention is rightly drawn to vineyards and the production of wine as a leading edge that was already present inside different existing combinations of production and consumption.⁵⁰

Again, the mechanisms of change and development that Wickham suggests dovetail neatly with his critique and rejection of traditional models of 'the colonate'.⁵¹ On the other hand, he does not go down the interpretative road on rural labour paved for us by the work of Jairus Banaji. He seems, rather, to accept the interpretation of the laws connected with 'the colonate' as tax-driven microregional adjustments and not much more—which they might well have been.⁵²

Culture and belief

In *The Rise of Western Christendom* Peter Brown has drawn a comparably grand and cosmic panorama of these same great transitions, insistently

⁴⁷ FEMA, p. 264.

⁴⁸ For example FEMA, pp. 265–74, all of it grasping at straws.

⁴⁹ FEMA, pp. 280–1.

⁵⁰ FEMA, p. 285.

⁵¹ FEMA, pp. 521–6.

⁵² Cam Grey, 'Contextualizing *Colonatus*: The *Origo* of the Late Roman Empire', *Journal of Roman Studies*, vol. 97, 2007, pp. 155–75, offers one of the better surveys of the recent debates.

hewing along the lines of ideas, beliefs, ritual practices and sacred institutions. His could easily be argued to be a fourth way of seeing the same big process. Alternative categories are therefore just as possible and successful. Here they track the formation and development of an imperial religion and its manifold transformations and mutations: its growing bigness and its fissioning along microregional lines.⁵³ Even though following a different set of concerns, this other narrative line points to much the same underlying story, albeit witnessed from a different point of view.

If one reads and compares the evidence and the closely reasoned arguments of the different perspectives taken by Brown and Wickham, they tell us a number of things. First, whatever the story, it is not susceptible to framing. Despite Wickham's proclamation and the marginal utility of the metaphor, this is surely not what he has done. He frankly admits that his categories of analysis—fiscal structures, aristocratic wealth, estate management, settlement patterns, collective peasant autonomy, urbanism and material exchange—are ones that *he* has used because they are the ones that he is best trained to use. Others—belief systems, gender roles, representations, ritual and cultic practices—might be just as good.⁵⁴ But the units of analysis that dominate the work are not just those in which the author somehow *happens* to have some expertise. They are the conventional core of historical analysis that has been devoted to this problem since the mid-nineteenth century.

Recurrent elements in the story indicate the need to think differently about the nature of the whole process. Here Brown's global perspective on the rise of Christianity points to other necessary parts of this same story. Concepts, mental inventions and transcendental beliefs, if consistently held by large numbers of people in concert, can compel and drive just as much as war. If the Muslim conquests did anything, they entirely reconfigured the whole of the Roman Mediterranean system, taking out of its primacy a whole circuit of arid lands along its southern periphery from Palestine and Egypt in the east to the Maghrib al-Aqsa in the west.

⁵³ Peter Brown, *The Rise of Western Christendom: Triumph and Diversity, AD 200–1000*, second edition, Oxford 2003 a good comparative work, since it has much the same western 'tilt' as McCormick and Wickham; it is the revised edition, it should be noted, that is of particular importance to this problem.

⁵⁴ FEMA, p. 825.

Wickham, too, affirms that this great geopolitical shift took place: these lands were no longer mainly oriented along north–south Mediterranean-centred axes, but rather to an expansive east–west polity that extended eastwards to the Iranian plateau.⁵⁵ The combined force of ideas, identity and violence were creative and transformative. But these factors point, in turn, to the critical importance of patterns of thinking and belief, language and communication, and other containers of human behavioural patterns, and show them to be just as ‘microregional’ or ‘hegemonial’ as tributary relations or systems of exchange.

Insistence on the priority of the state in the specific terms of an imperial state and its tributary structure only makes sense if it did in fact dominate the whole system in the manner claimed. The basic evidence on the kinds of connections with which the author wishes to anchor his MWS tend to lead us in other and different directions. Reconsider that bell curve of development that shows the Roman state to have been as much a result as a cause of the MWS. This is not to assert that, in Northian terms, the enforcement of more consistent norms of legal relations and the availability of more consistent kinds of currency over a much larger geographic area and over large populations, for example, might not assist in hyping the scale, complexity and duration of production and consumption—effectively doing what states sometimes do well: cutting down systematically on transactional costs. It is just that top-down state-driven factors were not essentially causal to the MWS: the system in fact began its regular take-off over centuries when there were numerous large states in the Mediterranean basin and a plethora of smaller ones, all marked by their own peculiar cultural norms of communication and exchange—dominant languages, currencies, legal systems and so on.

The differences and competitive nature of these units in no way impeded the regular advance of the system through the so-called Hellenistic period, that is after the 330s BCE. Indeed, marked by the subsequent emergence of an increasing sameness of language and culture, the system experienced its main periods of growth and consolidation under conditions in which there was no unitary tributary process governing

⁵⁵ FEMA, pp. 130–1. In specific cases, like Andalusia, Wickham seems, on the one hand, to accept the importance of this warfare as a fundamental cause of change (pp. 226–7), only to deny it later (pp. 230–1); cf. Garth Fowden, *Empire to Commonwealth: Consequences of Monotheism in Late Antiquity*, Princeton 1993, especially pp. 138ff., building on the arguments made earlier in his study.

it. As the author himself notes, a second phase of the MWS arose in precisely the circumstances where small polities—minor kingdoms, small principalities, city-states large and small, ecclesiastical corporations and business families, amongst others—as well as fragmented cultural, legal, linguistic and religious differences, were once again dominant in the lands of the Middle Sea.⁵⁶

This surely points to the great importance of all kinds of organized economic behaviour, much of it on a great scale and performed by so-called illegal or criminal organizations and pursuits (the sex business, the drug trade) that historians, in their apparent need to conduct a moral discipline, studiously ignore. From bare-faced criminality to institutionalized protection, all could collaborate to account for the rise of a state like that of Genoa.⁵⁷ It is here that the historian will have to decide on the relative significance of the internal forces generated by a microregion and the external connections, like those of the slave trade, in the rise of a polity like Venice.⁵⁸ In any event, competitive small-scale units were well capable of achieving another world system; indeed one which, through its Atlantic connections, was to transform the globe.⁵⁹

Wickham's solutions, thus, sometimes look too peculiar for comfort. While not accepting every criticism that Jack Goody has proffered as bearing equal weight, and being well aware of objections to various precise formulations of his hypotheses, there is enough to be said for his serial attacks on a Western historiography that privileges its own categories of development to cause discomfort with another version that appears, despite the denunciation of teleology, to look just like that.⁶⁰ There has certainly been more than one capitalist moment in the past. Some of the core elements of this great transformation were anchored in the Mediterranean; others were not because, as Peter Brown has repeatedly emphasized, they never were in the first place.

⁵⁶ FEMA, pp. 690–2, 790–2.

⁵⁷ Greif, 'Building a State: Genoa's Rise and Fall', ch. 8 in *Institutions and the Path to the Modern Economy* (note 24 above), pp. 217–68.

⁵⁸ That is to say, Wickham, pp. 690–92, as opposed to McCormick (note 1 above), pp. 761–77.

⁵⁹ Although, again, with heavy peculiarities in development that should not be assumed or ignored: Shaw, *At the Edge of the Corrupting Sea*, J. L. Myres Memorial Lecture, Oxford 2006, especially pp. 26–7, 30–2.

⁶⁰ Jack Goody, *Capitalism and Modernity. The Great Debate*, London 2004; *The Theft of History*, Cambridge 2006, esp. chs 1–3 and 11.

Also, as Michael McCormick has demonstrated—and his claims have been sustained by other recent studies (with more forthcoming)—the slave trade was one of the core elements in the Black Sea–Mediterranean system that perdured. It is perhaps odd that its importance is so strongly denied by Wickham.⁶¹ Some of the explanation must lie in his extraordinary devotion to potsherds and dismissal of literary evidence as significant to understanding patterns of large-scale commerce.⁶² But the slave trade was a kind of commerce that did not leave many material traces of the kind that Wickham wishes to privilege. In this sense, it was deadly but silent. Like the other economic indices of a larger Mediterranean system, the slave trade also witnessed recession in response to demand, but then experienced a revival just before it was to feed into a new Atlantic world that its merchants and maritime explorers were creating.

De-periodize!

What is perhaps most profound about this new work is that its exacting, precise and accurate collation and analysis of the known evidence, even from the purview of its chosen angles of attack, tell of this other hidden history of the Mediterranean. If anyone still believes in a ‘middle ages’, much less an ‘early middle ages’, even as a historiographical convenience, after reading this critical weighing and dissection of the huge mass of relevant data, then there is probably very little that the reviewer can add to change their minds.

Assembled on this scale and detail, what the data themselves demonstrate is that the dominant nineteenth-century Austro-German model of historical evolution is so fundamentally flawed and misleading that it must surely be abandoned. In this manner, a classically based aesthetic and cultural periodization—classical civilization transits to modernity via a ‘middle age’—was somehow transmuted into an historical model armed with the necessary economic stage (‘feudalism’). Attempts to save appearances by endlessly re-tooling the utility of social and economic classes, modes of production, the special status of the Western city, and the origins of so-called feudalism will no longer work. As a result of Wickham’s monumental investigation, our attention should be more insistently refocused on the problem of what was actually happening,

⁶¹ FEMA, p. 696, n. 8, where it is reduced to a footnote.

⁶² FEMA, pp. 693–700.

what are the better categories of analysis, and what specific forces were involved in the transmutations of global systems.

Every analysis of the increasing profusion of data is signalling to us, and urgently, the need to abandon the obsolete categories of the great period of nineteenth-century myth-making about history, whether that of Freud in sequences of mind and spirit, that of Le Play in the history of the family and sentiment, those of Tönnies, Simmel and Elias in culture, or those of Marx and Weber in historical economics.⁶³ They are all versions of the same story, calqued on a vulgar evolutionary logic intended to explain modernization. First them, now us. Every detail and conclusion reached in this massive volume speaks so much against both the periodization and the aim proclaimed in the title that one must wonder if Chris Wickham is playing with the reader when he says that he is 'framing' the 'early Middle Ages'. Could it be that he is suggesting a usage more normally found among Philip Marlowe and his peers? The dictionary informs us of this other meaning of the verb 'to frame': to set someone up to take a fall, or to conspire at the demise of someone or something. I hope so.

⁶³ In pre-emptive response to some criticisms already voiced: I am hardly suggesting dispensing with Marx (or Weber, for that matter) *tout court*; my comments are limited strictly to the adoption of the linear stage-like model of history, and to some of the attendant assumptions.

CHARLES ARMSTRONG

CONTESTING THE PENINSULA

ALTHOUGH CAPITAL AND politics are closely intertwined in most contemporary democracies, it is rare for an electorate to vote into highest office the former chief executive of a major corporation. To a select group including Italy's Berlusconi, Thaksin of Thailand and, at the local level, Mayor Bloomberg in New York we can now add South Korea's tough-talking Lee Myung-bak—a.k.a. 'The Bulldozer'—former head of Hyundai Construction and Mayor of Seoul, who was elected President by a landslide on 19 December 2007. This was not the first time a Hyundai executive had run for President of South Korea: the founder of the Hyundai Group, Chung Ju-young, garnered 16 per cent of the vote in 1992. Lee's victory, however, has proved unprecedented in several respects. First, although Lee's winning margin was the widest since democratic elections began in 1987—his 48.7 per cent of the vote far outstripped the 26.7 per cent won by his closest challenger, Chung Dong-young of the centre-left United New Democratic Party—the equally historic low turnout, at just over 62 per cent, meant that he had the support of less than a third of the overall electorate.¹

Second, although almost all of Lee's predecessors have faced allegations of corruption and misconduct at some point during their presidency, he is the first to confront such charges even before entering office. A special prosecutor's bureau, set up by the National Assembly shortly before the December election to investigate allegations of fraud and stock manipulation, initially cleared Lee of any wrongdoing. A further probe in January, just six weeks before his inauguration, also found him innocent. Nevertheless, suspicions of Lee's past actions remain high, both among opposition parliamentarians and the general public. Given the notoriously intimate relations between politics and big business in South Korea's development state, and Lee's high-profile success in that system, it is possible that whole closets full of skeletons from his past have yet to

be opened. Lee's presidency could be dogged by corruption scandals for the next five years—should he remain in office for the full term.

For a further unprecedented aspect of Lee's presidency has been the drastic collapse of his support, within a hundred days of his February 2008 inauguration. Protests flared after his first trip to Washington in April, where Lee kowtowed to Bush—promising that South Korea would resume beef imports from the US, banned after the BSE scare of 2003—in order to get a Free Trade Agreement back on track. By June 2008 they had escalated into almost nightly candlelit protests in the centre of Seoul and other cities, estimated to have mobilized over a million Koreans. While truck drivers struck over rising fuel prices, demonstrators demanded an end to central planks of Lee's programme—large-scale privatizations, rising education costs, attacks on labour rights—and called for him to go. On 19 June the President issued a televised apology from the Blue House. 'Sitting on the mountain by myself and looking at the endless candlelight parades, I reproached myself for not serving the public properly', he avowed. 'Please watch me and the government make a new start. I will make candle-lit streets fill with rays of hope.' Lee hastily backtracked on planned privatizations of water, gas and electricity, ditched a multi-billion dollar project for a canal connecting Seoul to Busan in the southeast, offered palliative subsidies to small businesses, striking truckers and low-income families, and scrambled to win further concessions from Washington on the suspect steers.

How should we contextualize this dramatic passage in Korean politics? The cry of *Dokje Tado!*—'Down with the Dictatorship!'—was heard on the streets of Seoul this June, an echo of the mass protests that finally brought down the authoritarian Cold War government in the 'Great June Uprising' of 1987. Lee's election victory, as standard-bearer of the conservative Grand National Party (GNP)—a formation with roots in the pre-87 military regimes—clearly represents a rightward shift, after a decade under two successive presidents of the centre-left, Kim Dae Jung and Roh Moo-hyun. This was underlined by the 15 per cent of the vote scored by Lee Hoi-chang—a former GNP presidential candidate, who entered the race at the eleventh hour as an independent Cold War conservative. The trend was confirmed by the 9 April 2008 National Assembly elections, which resulted in a bare majority for the GNP (153 of 299 seats, a net gain of 32), and a loss of some 50 per cent of representation for

¹ 'Lee Wins with Biggest Margin in Lowest Turnout', *Korea Times*, 19 December 2007.

both the centre-left United Democratic Party and the small trade-union backed Democratic Labour Party, which lost 80 and 5 seats respectively.

Yet beneath the surface of this left-right shift lies a more ambiguous transformation of South Korean politics. Lee Myung-bak is not merely an atavistic conservative. The right-wing constellation of forces that dominated South Korean politics in the decades preceding the 1987 democratic uprising—a combination of strident Cold War anti-communism, military-led authoritarianism, state-business corporatism and obsequious pro-Americanism—cannot hold as it once did. Despite its authoritarian roots, Lee's GNP has moved decisively towards the political centre in recent years. At the same time, neither the administration of Kim Dae Jung nor that of Roh Moo-hyun were as 'progressive' (the term favoured by the Korean Left) as they may initially have appeared. In the case of Roh in particular, there was an acute contradiction between his core support base and political background on the one hand, and on the other, the neoliberal economic agenda he advanced. This discrepancy fatally undermined Roh's administration, and made it all but impossible for his chosen successor Chung Dong-young to win the presidency, in the face of mass abstentions. Both Kim and Roh were products of the 80s democracy movement; yet this new layer entered office just as the 1997 Asian financial crisis threatened to unravel South Korea's 'economic miracle'. To understand the political conjuncture in which Lee Myung-bak is now struggling, it is first necessary to gain a perspective on the decade of rule by the centre-left.

Democratic openings

Over the course of the 1970s and 80s, the dictatorships of Park Chung Hee and Chun Doo Hwan were challenged by one of the most extensive, organized and courageous cultures of political protest in the world. With university students as its vanguard, this 'movement sphere' (*undongkwon*) emerged in the early 1970s, and by the 1980s had formed what historian Namhee Lee has called a 'counter-public sphere' against the dominance of the military and monopoly capital.² The movement coalesced around the concept of the *Minjung*, or 'popular masses'; it was careful to avoid any language taken directly from left traditions, still taboo in deeply anti-communist South Korea. Denied access to the works of Marx but

² Namhee Lee, 'The South Korean Student Movement *Undongkwon* as a Counter-public Sphere', in Charles Armstrong, ed., *Korean Society: Civil Society, Democracy and the State*, 2nd ed., London 2006, pp. 95–120.

taking a cue from Gramsci, many students worked undercover in factories to develop 'organic links' with the exploding population of blue-collar workers—the second component of the Minjung coalition—created by the highly authoritarian industrialization of the country via the state-backed conglomerates or *chaebols* (Hyundai, Daewoo, Samsung and the rest) in the post-war era.

A third component consisted of progressive elements of the Catholic and Protestant churches. Although predominantly conservative today, during the 1970s progressive groups on the Protestant margins taught and organized factory workers through the Urban Industrial Mission, which was deeply influenced by Paulo Freire's *Pedagogy of the Oppressed*; while Catholic activists articulated a socially conscious 'Minjung Theology' akin to the contemporaneous Liberation Theology of Latin America.³ A fourth was undoubtedly a powerful sense of regional exclusion. Park Chung Hee's dictatorship had showered economic and political favours on his native Gyeongsang region in the southeast, at the expense of the Jeolla region of the southwest. The latter became the real hotbed of political opposition to the dictatorship, which led in turn to more discrimination from the centre. Finally, in May 1980 the city of Kwangju in South Jeolla province exploded in a popular uprising against the new military strongman, General Chun Doo Hwan, who responded with a bloodbath that killed hundreds of Kwangju's citizens.

In other respects, too, the South Korean democracy movement of the 1980s differed quantitatively and qualitatively from its predecessors. The

³ Donald Clark, 'Protestant Christianity and the State: Religious Organization as Civil Society', in Armstrong, ed., *Korean Society*, pp. 174–82. The astonishing success of Christianity in South Korea has yet to be adequately explained by historians and social scientists. The country has one of the highest proportions of Christians in its population of any country in Asia—at close to 25 per cent, second only to the predominantly Catholic Philippines. Eleven of the twelve largest congregations in the world are in Seoul, including the world's largest, the Yoido Full Gospel Church; Lee Myung-bak himself is an elder in Somang Presbyterian Church, one of the most influential. Mainstream Protestantism in South Korea has a predominantly conservative outlook quite similar to that of evangelicalism in the United States, which has deeply influenced the development of Korean Protestantism since the late 19th century. Christian refugees from North Korea, centre of Korean Christianity before 1945—Kim Il Sung was himself raised in a Presbyterian household—became the core of the postwar Protestant church in the South. Not surprisingly, most Protestants have tended to be strongly anti-Communist and favourably disposed to the US.

protests of April 1960 that led to the resignation of President Syngman Rhee had largely been confined to students and intellectuals, and the ensuing democratic opening was soon reversed by Park Chung Hee's military coup of May 1961. The more socially diverse but scattered demands for democracy following Park's assassination in October 1979 were in turn crushed by Chun Doo Hwan's seizure of power in May 1980. The June Uprising of 1987 was far larger and more inclusive than either of these, mobilizing hundreds of thousands of factory workers, farmers, students and middle-class professionals to demand Chun's resignation and the establishment of democratic procedures and political freedoms.⁴

But if South Korea's democratic transition was accomplished by a popular movement, its democratic consolidation was effected by intra-elite coordination—leading Choi Jang-Jip, one of the most eminent scholars of Korean politics, to term it a 'passive revolution'.⁵ From the outset, South Korea's 'transition to democracy' was arguably more procedural than substantive—a 'conservative democratization', in Choi's term, over-determined by the structures of the country's Cold War state and its *chaebol*-dominated industrialization which has failed to produce a party system representative of the real diversity of interests in Korean society. The central instruments of the repressive state apparatus were duly retained: the National Security Law, established in 1948 under Syngman Rhee, which allows anyone to be arrested and incarcerated without due process on suspicion of 'anti-state activity'; and the key agency for enforcing this, the Korean Central Intelligence Agency, set up immediately after Park's coup of 1961.⁶

The first presidential election after the fall of the dictatorship, in December 1987, was won by Chun's hand-picked successor and army comrade Roh Tae Woo, with barely a third of the popular vote; the

⁴ Namhee Lee, *The Making of Minjung: Democracy and the Politics of Representation in South Korea*, Ithaca 2007.

⁵ Choi Jang-Jip, *Democracy after Democratization. The Korean Experience* (trans. Lee Kyung-hee), Seoul 2005, pp. 147, 275.

⁶ Prominent recent victims of the National Security Law include: the sociology professor Kang Jeong-Koo, arrested in 2001 for writing a supposedly pro-Kim Il Sung statement in a guest book during an authorized visit to Pyongyang; the German-trained philosopher Song Du-yul, imprisoned in 2003 on charges of spying for North Korea, and accused of being a high-ranking member of the DPRK's Politburo; the Korean translation of a book by Kim Myong Chul, an ethnic Korean in Japan, banned for being too favourable to Kim Jong Il.

opposition had been divided between two long-standing pro-democracy activists, Kim Dae Jung and Kim Young Sam. In 1990, the latter Kim joined his party with Roh's to form the Democratic Liberal Party (DLP), a 'grand conservative coalition' transparently inspired by Japan's Liberal Democratic Party. Clearly the DLP's boosters—not least in the United States—hoped it would, like its Japanese model, establish stable, conservative one-party rule against a token opposition. Though Kim won the presidency as DLP candidate in 1992, even this hand-rigged establishment grouping failed to last through his term.⁷ Confirming Choi Jang-Jip's diagnosis, parties have continued to be ad-hoc arrangements, organized around ambitious individuals with the sole aim of winning elections; a feverish pre-election mobilization is followed by a rapid post-election demobilization. Agents desirous of change have tended to work outside the political system rather than through it.

It is arguably this that explains why, despite its dramatic beginnings, South Korea's democratization—unlike that of, say, South Africa or Brazil—has been incremental and conservative. Significant social forces have largely been excluded from the formal political process, most conspicuously South Korea's once-powerful (and occasionally still very vocal) trade unions, which remained outside of politics until the turn of the century.⁸ Much of the student movement and the Christian activist circle dissipated after the late 1980s, although some of its leading members moved into 'civil society'; since the early 1990s NGOs have achieved some success in such areas as electoral reform, government accountability, women's rights and the environment.⁹ But for the most part, the political realm has been dominated by the more conservative elements of South Korean society. The net result of this conservative democratization has been a wide gap between the hopes for democratization and the reality of South Korean politics over the last two decades—the

⁷ Both the creation of a Japanese-style hegemonic party in South Korea, and its subsequent failure, were presciently foreseen by Bruce Cumings in 'The Abortive Abertura South Korea in the Light of Latin American Experience', *NLR* 1/173, Jan–Feb 1989, p. 32.

⁸ The KFTU-backed Democratic Labour Party was founded in January 2000, when organized labour had already lost much ground, rather than in the heat of the struggle against the dictatorship as with the Workers' Party in Brazil. The DLP won 13 per cent of the vote and 10 parliamentary seats in the 2004 National Assembly elections; but in 2007 its Presidential candidate Kwon Yong-ghil scored only 3 per cent and its parliamentary representation was reduced to 5 seats after April 2008.

⁹ Sunhyuk Kim, *The Politics of Democratization in Korea: The Role of Civil Society*, Pittsburgh 2001.

reality being periodic spectacles of electoral mobilization set against sometimes dramatic, but rarely effective, protests by workers' and civil society groups. The weakness of the party system alone cannot explain this, of course, because the range of political options in South Korea is also constrained by other factors—not least the political economy of the post-Asian crisis regime.

After the Asian crisis

If the upheaval of 1987 opened the way to a post-authoritarian politics in South Korea, the 1997 Asian financial crisis demonstrated the limits on the country's political and economic choices. Bruce Cumings has argued that the crisis set the seal on Korea's shift away from the developmental state model.¹⁰ It was precisely in the midst of this crisis, in December 1997, that Kim Dae Jung was elected president. The official slogan for the fiftieth anniversary of the founding of the Republic of Korea, 15 August 1998, was 'The Second Nation-Building'—a reference to the period of national construction that followed Korea's liberation from Japanese colonial rule in August 1945. Kim's message was clear: South Korea would put its authoritarian, corrupt, dependent past behind it. A champion of democracy but never a radical—indeed, an unabashed admirer of Blair—Kim's record reflects both the limits and the potential of 'Third Way' politics. Kim tried to bring reconciliation in many areas: between South Korean regions, between labour and management, rich and poor, left and right, Korea and Japan, and perhaps most dramatically between North and South Korea.

But Kim remained saddled with the legacy of the past. Domestically, his presidency was confronted by a majority 'opposition' party, the continuing power of the *chaebol* and the persistence of regionalism, which highlighted his status as representative of the minority southwestern Jeolla province.¹¹ External constraints included, firstly, South Korea's dependence on

¹⁰ Bruce Cumings, 'The Korean Crisis and the End of "Late" Development', *NLR* 1/231, Sept–Oct 1998.

¹¹ Regionalism has been a much-remarked factor in South Korean politics. In a country where ethnic homogeneity is taken for granted, reference to class division has been taboo and ideological choices are highly constrained, regional identification is one of the few viable sources of political mobilization. But rather than being rooted in 'ancient rivalries' dating back to the Three Kingdoms of the seventh century AD, as some would assert, in its modern form Korean regionalism is fundamentally a product of the skewed policies of Park Chung Hee's dictatorship.

the financial markets, after the lifting of its capital controls in the early 90s, and the scrutiny of the International Monetary Fund in the wake of the 1997 crisis (what South Koreans generally call the 'IMF Crisis'). The conditions of the IMF's \$57bn rescue package included labour deregulation, fiscal austerity, lifting ceilings on foreign investment to 50 per cent, opening capital and auto markets, and instituting international auditing for the *chaebol*. Secondly, of course, there was the ROK's alliance with the United States, which shaped its response to the crisis and both facilitated and inhibited Kim's overtures to North Korea.

Kim was the first native of Jeolla to be elected president, and he intended his election to demonstrate that South Korea had overcome the bitter regional divisions of the previous two decades. The reality proved otherwise. His support was overwhelming in his native southwest, but extremely sparse in the southeast.¹² In the National Assembly, his Democratic Party maintained a slim majority over the GNP by means of a bizarre alliance with the conservative United Liberal Democrats, led by Kim Jong Pil—former chief of the notorious KCIA under Park Chung Hee, and who had plotted more than once to have Kim killed. As noted, the KCIA and the National Security Law were retained under Kim's presidency, though the former was renamed National Intelligence Service in 1999. But Kim's attempts at reform ended in compromise not only with the lingering elements of authoritarian politics but also with the interests of Korean monopoly capital, represented in the *chaebol*.

Early on in his presidency, Kim had convened a tripartite committee consisting of leaders of labour, business and government—'No-Sa-Jeong', in its Korean abbreviation—in an attempt to put his ideas of social consensus and 'participatory democracy' into practice. The committee accomplished little and soon faded away, in part because organized labour remained unconvinced, preferring to advance its interests through strikes and protests. Instead of reconciliation, the legacy of the Kim-Roh era has been the rapid growth of informal workers, now close to 60 per cent of

¹² This was true even of Kim's successor Roh Moo-hyun who, although a southeastern native, won most of his support from the southwest. Lee Myung-bak, for his part, is from North Gyeongsang province, as were Park Chung Hee and Chun Doo Hwan. The electoral map from the April 2008 National Assembly election reflects continued, even deepening, polarization along regional lines. Not a single GNP parliamentarian won in Jeolla, and no-one from the United Democrats won in either North or South Gyeongsang.

the South Korean workforce, and the further marginalization of labour.¹³ Similarly, liberalization of the *chaebol*—a central IMF demand—has, if anything, confirmed the shift to capital. In December 1998 Kim won the agreement of the top business leaders to a so-called ‘Big Deal’ on structural reform.¹⁴ The ensuing creative destruction shook out a number of the weaker firms—most spectacularly the Daewoo group, the first of South Korea’s major conglomerates to go bankrupt in the post-Asian crisis era. At present the top *chaebol* is no longer Hyundai, which occupied this position through much of South Korea’s heavy-industry phase, but Samsung, the electronics giant which has become the ‘super-*chaebol*’ of the twenty-first century.

But while the free market has been a recurrent refrain in South Korea since the 1997 financial crisis, in reality liberalization has taken place in halting fashion. Although the majority of the workforce is employed by smaller enterprises, the *chaebol* continue to call the shots, accounting for 60 per cent of exports. The economy remains dominated by large conglomerates to a degree perhaps greater than any other capitalist nation. Arguably, rather than substituting state-led development with neoliberal economic practices, South Korea has grafted the latter onto the former.¹⁵ As a result, the job security, holidays, healthcare and other benefits the *chaebol* once offered their employees have been steadily eroded over the past decade. The state has done little to fill the gap in any of these areas, and a sense of economic vulnerability on the part of ordinary South Koreans has been a major legacy of the ‘progressive’ decade.

Meanwhile Kim’s ‘Sunshine policy’ of peaceful engagement with North Korea, which was to have been the centrepiece of his time in office, made little progress after his historic June 2000 summit meeting with Kim Jong Il, as we shall see. Kim Dae Jung thus ended his presidency beleaguered both by opponents on the right and by former supporters on the left, with his reform programme stalled and his major foreign-policy initiative under attack from the White House. As a result it was

¹³ Young-Sook Kweon, ‘Liberal Democracy without a Working Class? Democratization, Coalition Politics and the Labour Movement in South Korea, 1987–2006’, PhD dissertation, Columbia University 2007, p. 269; also Hagen Koo, *Korean Workers: The Culture and Politics of Class Formation*, Ithaca 2002.

¹⁴ Barry Gills and Dong-Sook Gills, ‘South Korea and Globalization: The Rise to Globalism?’, in Samuel Kim, ed., *East Asia and Globalization*, Lanham, MD 2000, pp. 88–9.

¹⁵ Choi, *Democracy after Democratization*, p. 304.

widely expected that the GNP candidate, Lee Hoi-chang, would sweep the 2002 presidential election. The victory of Roh Moo-hyun, a hitherto little-known, self-taught human-rights lawyer whose economic and educational background placed him well outside the mainstream of South Korea's political class, was an unexpected upset against resurgent conservative forces.

The outcome of the 2002 election was widely interpreted as reflecting a generational shift, and in particular a triumph for the so-called '386 generation': those in their 30s at the time, who entered university in the 1980s and were born in the 1960s. Unlike their parents, whose formative experience was the Korean War and whose anti-North Korean, pro-US sentiments were taken for granted, the 386-ers were shaped above all by the democratic upheavals of the 1980s. Generally more progressive in such areas as civil rights and relations with North Korea and the US, this was the demographic segment that, more than any other, helped Roh win the election.¹⁶ But five years later, the 386-ers no longer held together as a cohesive bloc, and were as likely to vote against the progressive camp's candidate as for him. Although unceasingly attacked as leftist, Roh's administration dispatched Korean troops to Iraq, and its economic policies proved more neoliberal than any of its predecessors.

The vicissitudes of the Roh administration illustrate vividly the contradictions of South Korean politics. Not long after his narrow election victory in 2002, Roh split from Kim Dae Jung's New Millennium Democratic Party (NMDP) to form his own party, the Yeollin Uri Dang or 'Our Open Party', usually referred to as the Uri Party. In early 2004, Roh survived impeachment proceedings begun by an alliance of GNP opposition parliamentarians and members of the NMDP, but his Uri Party came back to win a majority in the National Assembly that April—the first time in many years a president and a parliamentary majority had shared the same party affiliation. However, Roh's political capital evaporated almost instantly. Attempting to rule as a populist through direct appeals to citizens' support, especially via the internet—a medium which helped him win the 2002 election, but has since become as useful for conservatives as progressives—Roh's often high-handed style alienated many Koreans even from his own part of the political spectrum, to say nothing of the conservative opposition, as well as nearly all significant interests

¹⁶ Cho Kuk, '386 Generation. Today and Tomorrow', *Korea Focus*, February 2007.

in the Korean establishment: the mainstream media, the military, business leaders and leading universities. Roh became increasingly isolated in the last half of his presidency, governing principally through a conservative bureaucracy.

South Korea's commitment to market liberalization has been a constant at least since Kim Young Sam's policy of 'globalization' or *seggyewha* in the mid-1990s, but the Roh administration's enthusiasm for free trade, and particularly bilateral Free Trade Agreements, was unparalleled. Under Roh, FTAs were negotiated with forty-five countries in two years, no doubt a world record. But the Korea-US Free Trade Agreement signed in 2007 stood out, along with the decision to commit troops to the war in Iraq, as one of the most divisive foreign-policy issues of Roh's presidency, especially among his core supporters. The KORUS FTA inspired some of the largest organized protests South Korea had seen since the early 1990s.¹⁷ Despite domestic opposition (and to much lesser degree, criticism within the US), the FTA was signed both by the Korean and by the US president.

With and against America

Popular opinion in Korea was even more strongly opposed to US military policies during this period—marking a distinct shift. For over forty years during the Cold War, the purpose of the US-ROK alliance had been seen by both sides as unambiguous: defending South Korea, as part of the 'free world', against the threat of the North, backed by China and the USSR. The Soviet collapse did not fundamentally alter this. During the early Roh-Bush years, however, and despite the ROK contingent in Iraq, America and South Korea differed not only in their view of the North Korean threat, but on the nature of US-ROK relations more generally. The nadir came in the winter of 2002-03, when tens of thousands of Koreans participated in candle-lit vigils calling for US accountability in the deaths of two schoolgirls accidentally killed by American military vehicles. The protests were embedded in a broader sense of unease. Statistics reflected a sharp change of attitude, in a country that had been almost unique in its overwhelmingly pro-Americanism a generation earlier. A poll taken by the *Joongang Ilbo* newspaper in December 2002 revealed that only 13 per cent of South Koreans viewed the US favourably, while 36 per cent viewed it unfavourably, and 50 per cent were neutral. Furthermore,

¹⁷ See the website of the Korean Alliance Against the KORUS FTA, www.nofta.or.kr.

72 per cent of South Koreans in their 30s, and 62 per cent in their 20s, wanted to restructure the US–ROK alliance to make it more equal.¹⁸

While some observers attributed such shifts to a general rise of ‘anti-Americanism’ among younger South Koreans, they have arguably had more to do with the Bush administration’s sabre-rattling against Pyongyang and the war in Iraq, which many saw as a chilling precedent for an attack on North Korea. But the new level of tension in the US–DPRK confrontation also focused attention on the 37,000 US troops on South Korean territory, positioned near the border as well as at Yongsan Army Base, occupying prime real estate in the centre of Seoul; a presence no longer legitimated by the Cold War. The Status of Forces Agreement between the US and South Korea, and in particular the automatic American assumption of control over ROK forces in the event of war, was a further point of contention. The Roh Administration pushed for changes in both these areas. In June 2003, with American forces tied down in Afghanistan and Iraq, the Pentagon announced it would move troops away from the border, and re-deploy 7,000 soldiers out of Seoul to bases farther south.¹⁹ The following year, the two governments agreed on a reduction of about 12,000 US troops, and the handover to South Korea of wartime operational control of its own military forces by 2012—although there are as yet no concrete plans to remove US soldiers from the peninsula altogether.

Return of the GNP

Such moves failed to secure more general support for Roh’s administration. By the end of his term in office he had become one of the most unpopular presidents since opinion polls began in Korea—although it should be noted that all presidents since 1987 have left office far less popular than when they began. Despite his free-trade policies, South Korea’s growth remained sluggish relative to its past performance, while employment stagnated. The post-97 recovery had been based on high-end exports to the US, in some instances routed via assembly plants in China; it was further boosted after 2000 by a domestic credit bubble. When this collapsed in 2004, after a credit-card accounting scandal, a

¹⁸ See Lee Sook-jong, ‘Anti-Americanism in South Korea: A Survey-Based Analysis’, Korea Economic Institute Academic Study Series, 2004.

¹⁹ Bill Geertz, ‘Pentagon to shift troops in S. Korea’, *Washington Times*, 6 June 2003.

further bubble blew up in real estate. The result has been rising indebtedness and labour insecurity, accompanied by rocketing housing prices. Meanwhile the gap between rich and poor climbed to the third-highest in the OECD.²⁰

When faced with a choice between a closet pro-business president and an open one in the 2007 election, a plurality of South Korean voters chose the latter. Like Berlusconi and Thaksin before him, Lee Myung-bak succeeded in portraying his Hyundai background and his own rags-to-riches story as a basis for sound economic leadership. Lee did well among voters in their 30s and 40s, but his highest support came from those in their 20s—the least economically secure age group, and partly for this reason much more conservative than their immediate elders.²¹ Whether Lee's economic policies can alleviate that insecurity is another matter. His 'business-friendly' position appears to be very pro-*chaebol*, and he has proposed policies that would reverse a number of legal constraints on *chaebol* expansion, such as limits on equity investment and the separation of financial and industrial capital.²² The 'Big Deal' initiated by Kim Dae Jung, never much of a big deal in the first place, is likely to be scaled back under Lee; the government and monopoly capital in South Korea are on more cooperative terms now than at any time since the early 1990s. As the June 2008 protests have revealed, however, Lee's freedom of manoeuvre may be limited.

Similarly, Lee's position on North Korea involves multiple contradictions. During his presidential campaign Lee made tough noises on the question, and on entering office criticized the policy of engagement as 'unilateral appeasement'. He emphasized Pyongyang's complete compliance with the denuclearization agreement as a precondition for future inter-Korean cooperation and, in particular, large-scale investment—such as the development of the Haeju-West Sea area, promised by Roh in the

²⁰ 'S. Korea has third-highest economic polarization in OECD', *The Hankyoreh*, 21 June 2007.

²¹ In a recent poll of students from South Korea's top universities, taken by the *Hankook Ilbo* newspaper, slightly more identified themselves as 'conservative' than 'liberal': 23 per cent versus 21 per cent, although most considered themselves 'moderate'. When asked if they would join a movement for democracy such as the June 1987 uprising, more than 60 per cent answered 'no'. 'Shinsedae: Conservative Attitudes of a "New Generation" in South Korea and the Impact on the Korean Presidential Election', *East-West Center Insights*, no. 2, September 2007.

²² 'Will Pro-*Chaebol* Policy Help Revive Economy?', *Korea Times*, 30 January 2008.

8-Point Agreement signed at the October 2007 North–South summit in Pyongyang, which outlined a wide range of cooperative activities.²³ But though he needs to demonstrate his toughness on Pyongyang to please his conservative base, given Hyundai's record as South Korea's largest corporate investor in the North, Lee would seem particularly well positioned to continue and deepen South Korea's economic penetration of the DPRK. Cheap, disciplined North Korean labour provides an irresistible attraction to South Korean capital, which has invested hundreds of millions of dollars in the Gaesong Industrial Zone project (founded by the Hyundai–Asan company), and looks forward to future investment zones in other parts of North Korea.

While there are real differences on the question in Seoul, there is a general consensus that North–South cooperation is beneficial to both sides, that gradual reunification is preferable to sudden collapse and a German-style absorption of North Korea by the ROK, and that persuasion is preferable to coercion. Such views are, broadly speaking, shared across the political spectrum in South Korea, including much of the right. In June 2007 the GNP, long hawkish on the North, revised its policy to favour engagement, effectively aligning itself with the position of the two 'liberal' presidents, Kim Dae Jung and Roh Moo-hyun.²⁴ A long-term strategy of maintaining South Korean influence and pulling North Korea more fully into the orbit of Southern capital calls for more economic engagement, not less. It remains to be seen whether the ideological or economically opportunistic side of Lee's North Korea policy will win out.

Peninsular diplomacy

That Korea remains divided between North and South, nearly two decades after the fall of the Berlin Wall, is eloquent testimony to the *sui generis* character of the peninsula's 'division system' which Paik Nak-chung discussed 15 years ago.²⁵ The Cold War was a necessary but certainly not sufficient cause of this, and the longer Korea's North–South divide persists, the clearer appear the differences between Korean and

²³ Leonid Petrov, 'President Lee Myung-bak's North Korea Policy: Denuclearization or Disengagement?', Nautilus Institute Policy Forum Online, 27 March 2008; see also the 'Declaration on the Advancement of South–North Korean Relations, Peace and Prosperity', 4 October 2007, available at www.korea.net.

²⁴ Kim Keun-shik, 'GNP's Sunshine Policy', *Korea Focus*, July 2007.

²⁵ Paik Nak-chung, 'South Korea: Unification and the Democratic Challenge', NLR 1/197, Jan–Feb 1993.

European partition. Above all, unlike the erstwhile German Democratic Republic, the DPRK—since its foundation in 1948, a staunchly nationalist regime profoundly different from the Soviet dependencies of Eastern Europe—has defied most outsiders' expectations and obstinately refused to fade into historical oblivion.²⁶ Not until the US and North Korea had pulled back from the brink of war in June 1994, at the climax of what we can now call the 'first North Korean nuclear crisis', did the US—and later South Korea—accept that the DPRK was not going to disappear soon, and had to be dealt with (in the words of Clinton's Secretary of Defense William J. Perry) 'as it is, not as we wish it to be'.²⁷

The symbol of this changed American view of North Korea—and perhaps vice-versa—was the October 1994 Framework Agreement, which froze North Korea's plutonium programme in exchange for energy assistance and movement towards normalizing political relations. But even after the June 2000 summit between Kim Dae Jung and Kim Jong Il, a major agreement to resolve the nuclear question and move forward on Washington–Pyongyang normalization never materialized. The incoming Bush administration, reflexively opposed to much of Clinton's foreign policy—not least its 'appeasement' of Pyongyang—adopted a more confrontational stance. A second nuclear crisis erupted in October 2002, when the US accused North Korea of carrying on a secret uranium enrichment programme in order to evade the 1994 ban. As hardliners in the Bush administration had long hoped, the 1994 agreement soon collapsed. But the DPRK itself did not, and in April 2003, through the mediation of Beijing, the US, North Korea, South Korea, China, Japan and Russia entered into six-way talks on the North Korean nuclear issue.

The Six-Party talks proceeded in fits and starts. In November 2005 a fifth round was ended by the US, who announced it would freeze North Korean assets at the Banco Delta Asia in Macau. Eight months later, on 5 July 2005, Pyongyang ended a self-imposed missile moratorium in place since 1998 and test-launched seven ballistic missiles; on 9 October 2005, it announced it had successfully carried out an underground nuclear test. Both actions were condemned by UN Security Council resolutions, with China's agreement, but no retribution took place. Eventually the

²⁶ Charles Armstrong, *The North Korean Revolution, 1945–1950*, Ithaca 2002.

²⁷ On the first North Korean nuclear crisis, see Leon Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea*, Princeton 1999; on the second crisis of 2002–06, see Yoichi Funabashi, *The Peninsula Question: A Chronicle of the Second Korean Nuclear Crisis*, Washington, DC 2007.

US backed down, offering a set of incentives for North Korea to return to the Six-Party talks; the result was the agreement of 13 February 2007, which called for the DPRK to shut down and abandon its Yongbyon reactor, invite back IAEA inspectors, and reveal the full extent of its nuclear programme. In exchange, the US and Japan would move towards normalization of ties with the DPRK, and offer energy and humanitarian assistance. In October 2007, Pyongyang promised to fulfil the agreement by the end of the year, and reaffirmed its commitment not to transfer nuclear materials, technology or know-how. Less than a year after the DPRK's nuclear test, the mood had changed from visions of the apocalypse to hopes for peace and economic cooperation. Even its failure to meet the 31 December deadline for full disclosure was dismissed as a relatively minor inconvenience by the American negotiators; North Korea continued to hand over key documents in the first half of 2008.²⁸

Most South Koreans today neither fear a North Korean invasion nor desire a North Korean collapse. While there are a small number—mostly younger and concentrated in the long-disenfranchised South Jeolla region—who admire the Kim Jong Il regime and especially North Korea's independence, strident nationalism and refusal to submit to the will of the US, the general attitude might be described as a desire for 'containment': keeping the North alive but at bay, if necessary through economic assistance, so long as it is not too costly for the South. This is a far cry from the fervent hope for unification that motivated South Koreans for decades after the initial division, but it follows logically from the economically pragmatic world-view that dominates contemporary South Korea.

Korea in the world

Most foreign visitors to South Korea today arrive at Incheon airport, a spectacular new facility on an island in the Han River estuary west of Seoul, not far from the site of General Douglas MacArthur's famous September 1950 landing that changed the course of the Korean War. Currently the fourth-busiest airport in the world by cargo, Incheon Airport is one of the most visible symbols of South Korea's hopes for a central role in the economic dynamism of Northeast Asia—due, especially, to Korea's proximity to China. The country's strategic position between the empires of China, Russia and Japan, long seen as its main weakness, came to be reimagined as a unique source of strength.

²⁸ 'N. Korea "Hands Over Key Nuclear Documents"', *Chosun Ilbo*, 9 May 2008.

From the outset, the Roh administration sought to focus on South Korea's active role in regional economic integration, dubbing Korea the 'hub economy' for Northeast Asia. In his February 2003 inaugural address, Roh asserted that 'the Age of Northeast Asia is fast approaching', adding that he had long dreamed of 'a regional community of peace and co-prosperity . . . like the European Union'. Japan, the world's second largest economy, fitfully emerging from a 'lost decade' of stagnation in the 1990s; China, the world's fastest-growing economy and both Korea's and Japan's top investment market; and Korea together comprise an increasingly integrated regional economy. Ties are strengthening in other areas: more Korean students now study in China than in the US, while South Korean popular culture—principally its films—has become all the rage in Japan, China and Southeast Asia. Japanese culture, long banned by the South Korean government, has similarly taken off in Korea. In the area of security, a region divided for decades by Cold War confrontation has been coming together, paradoxically perhaps, over the North Korean nuclear issue, through the vehicle of the Six-Party talks. Bystanders for over a century, as more powerful countries decided the peninsula's fate, Koreans are now active participants in negotiations, alongside their regional neighbours and the Americans. The Roh government went so far as to suggest that South Korea could play the role of a mediator in disputes between Japan and China, and between North Korea and the United States.

The idea of Korea's advantageous centrality in this new regional order was most fully articulated by the scholar and foreign-policy advisor Bae Kichan in his bestselling *Korea at the Crossroads*, allegedly one of President Roh's favourite books.²⁹ Bae argued for South Korea to become a 'balancer for peace and prosperity in Northeast Asia', an affluent and neutral middle-ranking power that could be the 'Switzerland of Asia'. Ultimately, Bae suggests, the deepening economic linkages on the peninsula, the defusing of military tensions between the Koreas, and the common aspirations for 'peace and prosperity' among the major powers would lead to a politically unified Korean peninsula playing a central role in a cooperative and increasingly integrated Northeast Asia.

The Lee Myung-bak government has rejected much of this neutralist vision, seeing the country as a pro-US partisan, not a 'mediator'. Lee has

²⁹ Bae Kichan, *Korea at the Crossroads: The History and Future of East Asia*, Seoul 2005.

promised to improve relations with Japan, but this is a tough sell in both countries, while the ROK's relations with China have encountered new difficulties. Russia, although South Korea has substantial investments there, is hardly considered a close ally. Northeast Asia may not after all be the EU of the future, with Korea at its centre (perhaps Belgium is a better analogy than Switzerland). Even before the end of the Roh administration, in fact, the notion of Korea as a 'hub economy' had been quietly dropped from official discourse. There is widespread recognition among South Koreans that their country's time in the sun may not last. The ROK's economy is well behind that of Japan, and will probably remain so for the foreseeable future. Its population is far smaller than that of Russia or China, even if its economy is larger than the former's and more advanced than the latter's. In any case, given the PRC's extraordinary economic growth—reminiscent of 'Korea, Inc.' in its 1980s heyday but on a far larger scale—South Korea's technological lead over China may not last much longer. Furthermore, as technology transfer to China accelerates, South Korea runs the risk of losing out between low-wage China and high-tech Japan. The hopes pinned on Korea as a 'gateway' to the PRC, and on the creation of an entirely new free-trade-oriented city on Korea's west coast to encourage foreign investment—the so-called Songdo Ubiquitous City, a joint project between the New Jersey-based Gale Company and POSCO, South Korea's iron and steel giant—beg the obvious question: why would foreigners invest across the Yellow Sea from China when they could invest in China directly?³⁰

Northeast Asia is not likely to become Western Europe anytime soon. In Korea's part of the world, the logic of market integration has yet to trump historical animosities. Textbooks downplaying Japanese atrocities in World War II and Prime Minister Koizumi's visits to the Yasukuni Shrine regularly stirred up popular outcries and government protests in South Korea as in China. A historical dispute over the ancient kingdom of Koguryo—whether it was 'ethnically' Korean, as Koreans believe, or part of China, as the Chinese claim—led to a major diplomatic row in 2004.³¹ China and the ROK have also become rivals, especially over economic influence, in North Korea. South Korea's 'China boom', beginning in the early 1990s when the two countries established diplomatic relations, has recently become tempered by the realization that the PRC could be

³⁰ Pamela Licalzi O'Connell, 'Korea's High-Tech Utopia, Where Everything Is Observed', *New York Times*, 5 October 2005.

³¹ Bruce Klingner, 'China Shock for South Korea', *Asia Times*, 11 September 2004.

an economic threat as well as an opportunity. The Roh administration's energetic pursuit of a free trade agreement with the US represents one attempt to counterbalance Chinese power and influence.

Mixed weddings

The end of the developmental state in South Korea has also had unexpected domestic consequences. As in Japan, capitalist affluence has challenged Korea's mono-ethnic insularity. As recently as two decades ago, the only substantial groups of foreigners in South Korea were its dwindling ethnic Chinese community and American soldiers. Most of the latter remained in or near the US military bases that dot the Republic like an inland archipelago—the largest being at Yongsan, formerly the home garrison of the Japanese colonial army, now occupying several hundred acres in the heart of Seoul. Just east of Yongsan is the notorious Itaewon district, once the exclusive domain of American soldiers and the prostitutes and merchants who served them, and now a major tourist destination. Even respectable middle-class Koreans, long barred from the area both out of self-respect and by South Korean law, can be found slumming it there, some of the men soliciting the favours of East European prostitutes in the new 'Russian clubs'.

Equally remarkable is the presence of guest workers from South Asia and Africa. On a Friday evening, Pakistani and Bangladeshi men can be seen walking past the hostess bars towards Seoul's main mosque, which like most things foreign is sequestered to Itaewon, while West African workers emerge out of the clubs onto the streets. Without the presence of these guest workers sewing clothes and handbags in the local factories, South Korea's garment-export industry, already battered by competition from South Asia and Latin America, would collapse. The transformation of Itaewon is a microcosm of South Korea's shift from a garrison state superintended by the American military to participant in a kaleidoscopically transnational division of labour.

These mostly undocumented and badly treated foreign workers number in the hundreds of thousands, and although Kim Dae Jung briefly sought to address their plight, their position—in a country where economic insecurity affects wide sections of society—is still quite precarious. The largest group of undocumented immigrants by far consists of ethnic Koreans from China, whose appearance and command of the

Korean language enable them to work undetected, occupying many of the 'Three-D'—dirty, difficult and dangerous—jobs that many South Koreans refuse. Occasionally a spectacular event, such as the warehouse fire that killed a dozen Korean-Chinese in January 2008, draws attention to the situation of these migrants.³² For the most part, however, they operate invisibly on South Korea's economic margins.

Immigrants also provide a more intimate service in twenty-first century South Korea. As the society has urbanized, women have flocked to the city from the country, leaving behind the young men, who are expected to continue working on the family farm. A disproportionate number of single men thus remain in the countryside, unable to find brides. The solution has been to import women from the poorer parts of Asia, especially China and Southeast Asian countries (Vietnam, sharing a Confucian cultural heritage with Korea, is seen as a particularly attractive source of brides). By 2004 approximately 27.4 per cent of rural South Korean men were married to non-Korean women.³³ In some villages, the rate of 'international marriage' is over fifty per cent. Only in the major cities, especially Seoul, are the overwhelming majority of Koreans married to other Koreans; the countryside is now far more cosmopolitan than the city. Along with the presence of some one million foreign workers, this high rate of intermarriage has helped to undermine Korea's long-held self-perception—shared with few countries other than Japan—as an ethnically homogeneous nation. It remains to be seen how successfully South Korea can adapt to this new multi-cultural environment; the Japanese precedent does not offer a very promising model.

Two decades after the 'Great June Uprising' of 1987 which brought down the military government of Chun Doo Hwan, and ten years after the 1997–98 Asian financial crisis that threatened to unravel South Korea's economic 'miracle', the country finds itself facing considerable anxiety over its economic future. A changing relationship with the United States is reflected in the still-unratified Free Trade Agreement and the question of the redeployment of US military forces. Deepening engagement with North Korea, despite the ongoing war of words on the peninsula, and an

³² Kwan-Tae Kim, 'China Seeks Citizen IDs in S. Korean Fire', *International Herald Tribune*, 9 January 2008.

³³ Lee Hyo-sik, 'One in Four Rural Bachelors Marry Foreigners', *Korea Times*, 27 June 2005. Of these foreign women, the vast majority (over 90 per cent) were from eastern Asia, the largest group being ethnic Koreans from China, followed by Vietnamese and Filipinas.

unprecedented economic stature in East Asia, is coupled with profound uncertainty about its place between a resurgent Japan and an increasingly assertive China. In many ways, the country is still searching for its place in the world.

Korea has not existed as a unified, independent nation-state since Japan annexed the peninsula in 1910. North Korea tried to overcome the disaster of colonization by rejecting all forms of dependency, including dependency on the Soviet Union which inspired it and helped bring it into being. Following a self-declared path of 'self-reliance', the DPRK demonstrated impressive industrial growth in its early years, but descended into economic catastrophe and famine by the 1990s and shows little sign of recovering soon. South Korea, following a very different model, was slower to get on its feet but ultimately became one of the few countries outside the Euro-Atlantic core to achieve the status of an 'advanced economy'. The political economy of South Korean development was in many ways harsh, and it was the desire to alleviate that brutality which motivated one of the twentieth century's most remarkable democratic movements. But if the goal of that movement was to create 'capitalism with a human face', it seems that ten years of 'progressive' presidential rule—under the macro-economic tutelage of the IMF—have produced, instead, growing insecurities and inequality. Yet as the June 2008 protests have shown, the South Korean people may not be willing to countenance the deepening of that neoliberal paradigm.

REVIEWS

Paul Nugent, *Africa Since Independence*

Palgrave: Houndmills, UK 2004, £19.99, paperback

620 pp, 978 0 333 68273 9

DAVID LAITIN

AFRICAN OUTCOMES

In *Africa Since Independence*, Paul Nugent traces the trajectories of sub-Saharan African states from their post World War II anti-colonial movements, a time of hope and optimism, through the early twenty-first century, when many of them, with newly created quasi-democratic institutions, were recovering from state collapse and economic crisis. He offers no governing thesis; his talent lies in sensitively steering between the Scylla and Charybdis of every major debate that has put Africans and Africanists on opposing shores. This includes such concerns as the impact of nationalism on decolonization, the roles of chiefs versus politicians in the transition to independence, the socialist as against the capitalist path to development, whether military rule offered any improvement compared to discredited nationalist leaders, the impact of international financial institutions on African economic growth, the staying power of the current wave of democratization, and whether there are any remaining national foundations for reconstituting Africa's states—a major agenda, by any measure.

The tone for the book is set in an opening chapter that provides an engaging and fair-minded interpretation of African nationalism in the face of the dying embers of European colonialism. Nugent juxtaposes two views: firstly, that African nationalism heroically undermined a racist and anti-development colonial state; and second, that Africa was a wasteful burden on Europe in the postwar years, and the colonialists hastened to shed the responsibility of rule by passing the torch to naive but eager national-

ists. Nugent offers a compelling synthesis, sailing smoothly between the reefs of African Heroism and the shoals of European Machiavellianism, by showing that colonial rule involved irreconcilable contradictions. For example, however much Europeans thought about equality, they found it inconceivable to grant their colonial subjects en masse citizenship rights in their own states. Faced with nationalist demands they could not easily fulfil, they had little choice but to retreat from empire—not in any planned way, but by concession atop concession. Nugent provides a useful juxtaposition of the different political forms and relationships to the metropole in each of the six Empires—British, French, Belgian, Portuguese, Italian, Spanish—and the ways in which these played out in their respective decolonization sequences. Contrary to the burden thesis, Nugent demonstrates that the economic returns for the European powers were impressive: Britain's colonies, for instance, 'made an invaluable contribution by virtue of the dollars they earned through primary exports to the United States', accounting for a fifth of the sterling area's reserves by 1952. However, colonial officials—more so the British than the French—were outmanoeuvred by the not so naive nationalists, and were forced into a rather ungraceful exit from power. Britain, according to Nugent, was 'rather inept at converting formal empire into informal influence—certainly by comparison with the French', whose continuing extensive sway over *la Françafrique* extended to setting the value of the currencies in these nominally independent ex-colonial states.

Nugent provides what he calls a 'profile of Africa at independence' in Chapter Two. The fair-minded approach continues, but with less cogency. Regarding the sources of Africa's predicament of having weak states and fragile economies, for example, Nugent sets out two positions. The first, associated with Ieuan Griffiths, asserts that the balkanization of the continent led to states too undersized to prosper: of a total 47 newly independent states, Griffiths calculates that 15—including such micro-states as Lesotho, Swaziland, Gambia and Equatorial Guinea—took up only 1 per cent of Africa's surface area, whereas the three biggest, Sudan, Algeria and Zaire, accounted for over a quarter. However, most of the continent nestles between these extremes: 'medium-sized states with relatively small populations numbering less than ten million at independence'. In Griffiths's view, they therefore had no basis for a manufacturing industry or even basic services.

The second position, associated with Jeffrey Herbst, holds that the demographics of the continent itself, with pockets of population disconnected from one another, have made it difficult for any state (including colonial regimes) to broadcast power. If anything, size confers a disadvantage—as perhaps demonstrated by the subsequent fortunes of Sudan, Congo and Nigeria. Smaller states with more concentrated populations were in a more favourable situation, according to Herbst. Nugent gives a balanced exposition

of both arguments, but finds Griffiths's to be of greater value because it takes into account a larger set of factors—including the shape of the state, often linked to the degree of the colonial powers' penetration inland from coastal trading ports.

Leaving aside the issue of whether parsimony has any merit—it is unlikely that the author of a 620-page synthesis would think it did—Nugent does not consider whether a statistical model that had the size of the state and the dispersal of the population as explanatory variables, with state viability as the outcome variable, would provide a compelling resolution to this debate. James Fearon and I have produced data showing that, counter to Nugent's acceptance of Griffiths's reasoning, it is the larger states in Africa that have been more prone to civil war. Indeed, recent research by Nathan Nunn, appearing after Nugent's book was published, shows a statistically and substantively significant negative effect on 20th-century growth for the zones of Africa that lost population due to the slave trade. This finding is consistent with Herbst's theory of African state weakness. Fair-mindedness is not enough; critical tests can sometimes sort out the stronger interpretation.

After surveying secessionist trends in the early period of Independence and analysing the respective roles of traditional rulers and 'modern' politicians, Nugent then, in several subsequent chapters, explores the contrasting trajectories of states in the first two decades after decolonization. Balance sheets of socialist versus capitalist developmental paths (with case studies of Tanzania and Kenya) and of military versus civilian rule (with case studies from the Central African Republic and Ethiopia) provide concrete illustrations of the institutional variations in contemporary African history.

The impact of international economic interventions in Africa is examined in Chapter Eight. Here Nugent draws the implications of the structural adjustment policies supported by the 'Washington Consensus' and the grass-roots interventions of the humanitarian NGOs. His assessment is that these interventions had deleterious consequences for the consolidation of sovereignty in Africa. The sad results of the era of structural adjustment are depressingly chronicled—Nugent provides case studies of Tanzania and then Ghana, a country in which he has conducted extensive fieldwork. Here the Rawlings government signed up to an IMF programme in 1983; according to the standard formula, thousands of public sector workers were then laid off, charges introduced for health and education, and price controls dismantled. Local manufacturing was hit hard by moves to liberalize trade, which made imports cheaper. In agriculture, the government relied heavily on increased cocoa production—especially vulnerable to price fluctuations on the world market. While the American government continued to subsidize its cotton producers—with sums 'greater than the entire GDP of Burkina Faso'—African peasants were left out in the cold. 'Free markets', Nugent

concludes, 'were only for the poor'. Though there were some improvements in life expectancy, child immunization and school enrolment, these were unevenly distributed, especially in the north of the country. By 1994, Ghana's per capita income was 'significantly lower than it had been in 1980'.

It is in his analysis of structural adjustment that Nugent, for the only moment in the book, loses his equanimity. After accusing the formulators of the Washington Consensus of making policy on a foundation of abstract theory, without knowledge of African countries or their languages, he rightly describes the work of Robert Bates as influential in the development of these ideas; but he ignores Bates's intensive fieldwork on agricultural production among the Bemba of rural Zambia. Moreover, in 1998 the World Bank appointed Paul Collier to direct its Development Research group—someone with long field experience in Africa, who has put considerable Bank resources towards studying the impact of violence on development. While I do not dispute many of Nugent's assertions concerning the policy failures of the Bank—benign compared to the 2001 hatchet job by insider William Easterly in *The Elusive Quest for Growth*—claims of its monumental ignorance of Africa and its cultures are unfair.

On firmer ground, Nugent argues that Washington Consensus policies were blind to the importance of state initiatives, regulations and control in the 'Asian Tigers' whom the International Financial Institutions wanted Africa to emulate. By funding projects through private NGOs, Nugent demonstrates, international donors diverted much of the aid coming from the West away from the state, and with the high local salaries that the NGOs offered, African state bureaucracies were drained of their best talent.

Yet while Nugent highlights the progressive emasculation of the African state as a fundamental problem, he fails to address it in a systematic manner. As noted, in his quick write-off of Herbst, he underplays the demographic fact that African states are hard to govern. Elsewhere, in his critique of *Ujamaa*—'Familyhood': African socialism in Tanzania, as envisioned by President Julius Nyerere—he correctly points to the disastrous implications for agricultural growth and local democracy of the policy of coercive villagization adopted after 1967. While Nugent recognizes that *Ujamaa* led to high levels of literacy, primary education, rural health and compliance with state policies, he neglects to interpret these successes as ones serving to strengthen the state. By making the population more accessible to it, the state was able to distribute public goods more efficiently. Tanzania's economic catastrophe and its democratic deficit are correctly identified; however, the state-building success—which has played a role in saving Tanzania from much of the violence that has been the bane of weaker states—is insufficiently acknowledged.

Given the failure to induce rapid economic growth in Africa, whether through self-reliance or dependence on the International Financial Institutions, what is to be done? Nugent, with a well-meaning bias in favour of African solutions to the continent's problems, gestures towards the New Partnership for Africa's Development (NEPAD) as a breath of fresh air. In October 2001, he points out, African leaders who had the respect of their colleagues pressed for new plans for economic development, which would combine democracy and poverty alleviation with self-policing mechanisms to assure compliance. Although Nugent's focus on creating responsible states to lead economic growth is a good start, the NEPAD initiative is underwhelming.

There are, however, new lines of research, not available to the author when he was writing his book, which are more promising. First, recent scholarship demonstrates that the IMF is far less culpable than the standard critiques—including Nugent's careful tracing of the rise and fall of Ghana as the IMF/World Bank poster child for SAP—would suggest. Randall Stone's 2004 quantitative analysis, for example, shows that the IMF succeeds in Africa when the US, Britain and France do not let their client states off the hook when they fail to meet the performance criteria attached to their loans. It is the patron states, undermining the IMF and propping up incompetent dictators whose UN votes (or other political support) they court, that have given the IMF a bad name. Strong states cannot be constructed when corrupt and incompetent leaders are able to preserve their incumbency through subservience to the big powers; Mobutu in Zaire and Nigeria's generals, always warmly welcomed in Washington and Downing Street alike, are obvious cases in point.

Second, studies have shown that taxing one's citizens leads to better outcomes than taxing potential foreign-aid donors. In as yet unpublished research conducted in Tanzania and Zambia by Clark Gibson and Barak Hoffman of UCSD, and in Nigeria by Daniel Berger of NYU, we are learning that where local taxes are collected, roads, schools and other public services are better. It may seem 'callous' to some, including foreign-aid fans such as Jeffrey Sachs, to incentivize African states to tax populations that are on the economic edge, but the return these citizens will get from their tax is impressive.

Here Nugent provides some support in his discussion of Africa's marketing boards—institutions from the colonial era that were monopsonists for cash crops, and were used in the independence era as a form of rural taxation. In Senegal, for example, the Office de Commercialisation Agricole handled purchases of the main cash crop, groundnuts, and used the funds to pay functionaries' salaries. Nugent notes that the marketing boards, discredited in the neoliberal reforms, had played a key role in the maintenance of food

reserves; he cites the example of Zimbabwe, which 'only narrowly averted famine in 1991-92 when the Grain Marketing Board, in an attempt to minimize financial losses, failed to maintain an adequate food reserve as it had done in the past'. He might also have pointed out that it was resources from marketing boards in the late 1950s and early 1960s that funded universal primary education in Yorubaland. Building armies has turned out to be a rather wasteful and destructive symbol of 'stateness'; building tax bureaucracies, however, seems to give higher returns on investment.

Third, research indicates that due to Africa's precarious soils and levels of precipitation, and the low returns from irrigation, farmers are subject to unexpected economic shocks. These shocks are in turn associated not only with famine, but with the onset of civil wars, as desperate young men from rural areas join and help to develop fledgling insurgencies when there is nothing to harvest. In the mid-80s, Botswana—Africa's most impressive 'tiger'—instituted a Drought Relief Programme giving income support, food and public services to areas that suffer from dry periods. In a recent *Boston Review* article, economist Edward Miguel has proposed a more general insurance scheme—'Rapid Conflict Prevention Support', to be funded from international aid donations—which would not only help farmers through difficult periods, but reduce the danger of violent challenges to still-fragile states.

This accumulating micro research on the policies of International Financial Institutions, on tax schemes and on drought relief, supplemented by new studies on health and development centred on the Busia district of Kenya (and supported by the MIT Poverty Action Lab), is pointing to new solutions far more attuned to African social and economic realities than the formulae associated with the Washington Consensus. Nugent ends his economic story with structural adjustment; he missed the gathering research storm in microeconomics that blows more promising winds.

Overall, the research that went into *Africa Since Independence* is impressive. The thirty-eight pages of bibliography and seventy-eight pages of endnotes are evidence enough of that. The text contains professorial synopses of the classic works in African historiography: Crawford Young on the origins of ethnicity in Zaire; Nicolas Van de Walle on the failures of structural adjustment; Catherine Boone on the linkages between the state, groundnuts and clerics in Senegal; Richard Joseph on the anti-colonial rebellion in Cameroon; and John Markakis on the fissures within the Ethiopian empire. These summaries serve as a valuable point of entry into important scholarly debates. The only bias I could find in the coverage is that on average there is twice as much on the former British colonies as on the former French colonies, with an even greater bias towards English in the language of the citations.

Parag Khanna, *The Second World: Empires and Influence in the New Global Order*

Allen Lane: London and New York 2008, £25, hardback

466 pp, 978 0 713 99937 2

GOPAL BALAKRISHNAN

NEWS FROM NOWHERESVILLE

Since the end of the Cold War, controversies surrounding the future direction of American statecraft have often been prompted by the publication of surveys offering an easy-to-follow reconnaissance of the geo-political terrain for Beltway planners and pundits. The 90s were perhaps especially propitious for thinking about current events through the historical and civilizational categories of an earlier Age of Empire. But despite a number of efforts to formulate a grand strategy for a new era of police operations against terrorists and their backers, the post 9/11 fixation on 'asymmetrical' forces did not readily lend itself to the terms of this older genre, according to which world history is an eternal struggle of Great Powers for *Lebensraum* and prestige. Even the more evenly matched Cold War was rarely framed in this way, as the universalistic ideological agendas of the two blocs effectively relegated the language of traditional *Machtpolitik* to the margins.

The classical problem of early 20th-century geo-politics was whether the era of international disputes between Britain, France, Germany, Russia, the US and perhaps Japan too would eventually give way to the unification, or—alternatively—the break-up of capitalist civilization into antagonistic imperial zones. The actuality of this question depended on the real possibility of what Lenin called inter-imperialist war. In the absence of this epochal context, today's rhetorics of the geo-political can be regarded as simply one of many forms of postmodern anachronism. Such regressions are now a familiar feature of our politico-ideological conjuncture, and have come to possess their own sub-historic logics and indefinitely extended life-spans. After the 30-year restoration of 'laissez-faire' capitalism, accompanied by an improbable 'return of the sacred', who might reasonably doubt that the

scenery of the Great Game could be reinstated as the panoramic backdrop of international relations? The recent deflation of American confidence, in the midst of foreign-policy setbacks and mounting economic turbulence, may occasion another round of publications on 'the rise and fall of empires'. But perhaps at this still early stage of blowback and stagflation, the marketplace of geo-political ideas is not yet ready for Spenglerian doom, and will initially just see the re-release of some of the big-ticket items of the previous decade—the rise of China, the decline of Russia, the future of the European Union—and, of course, the long-awaited expansion of the Security Council to include India, Brazil and Japan.

Parag Khanna's *The Second World* is one of what will likely be many attempts to outline the features of the coming 'post-unilateralist' era of international relations. The curriculum vitae of this young policy intellectual is a roster of high-profile academic and diplomatic attainments. Khanna is the Director of the Global Governance Initiative at the New America Foundation. Last year, he was employed as a senior geo-political advisor to United States Special Operations Forces in Iraq and Afghanistan. From 2002–05, he was the Global Governance Fellow at the Brookings Institution. From 2000–02 he worked at the World Economic Forum in Geneva, where he specialized in scenario and risk planning. Prior to joining the WEF, Khanna was a Research Associate at the Council on Foreign Relations in New York. Born in 1977 in Kanpur, he graduated from Georgetown and has a Masters degree from its Security Studies programme; presently, he is working on a PhD in International Relations at the London School of Economics.

The same publication that features the foreign-policy musings of Thomas Friedman has conferred upon *The Second World* the coveted 'Idea of the Year' award, although Khanna's observations are largely free of his Pollyanna-ish infelicities. From a more disabused, cosmopolitan perspective, Khanna is here to tell the Americans that they need to get their act together, or face punishing decline. Less beholden to the civilities of politically correct foreign correspondence, he casts a harsher, Napoleonic eye on the corruption and squalor of 'Second World' nations, albeit rather selectively. The limits of the book are not merely of the stylistic kind. In fact—pace the *NYT*—it is not even clear what the main idea of the book is. Although it has been touted as prophesying an ascendancy of the Second World, it actually begins with a claim that could plausibly be understood to entail the exact opposite. 'Big is back, the dominant forces of this age are empires'—an 'unfashionable' claim, according to Khanna (which is literally true, if only because such notions were at their height roughly five years ago). In fact, the following convoluted observation makes it clear that for the author, history has been and will continue to be an unending geo-political saga of the rise and fall of empires:

For thousands of years, empires have been the world's most powerful political entities, their imperial yoke restraining subjugated nations from fighting one another and thereby fulfilling people's eternal desire for order—the prerequisite for stability and meaningful democracy

The reference to democracy taking root under the shelter of empire suggests that Khanna might initially have set out to write a book with a wholly different thesis, and even title, and was compelled to change course in mid-stream as evidence of American failures began to mount. Khanna's basic lesson is that a self-righteous, Wilsonian America has yet to learn the dialectic of geo-politics and globalization—two forces which, as he explains at the start, have been responsible for shaping modern history. So how does this dialectic unfold, according to the author? 'Globalization has always advanced and receded on the back of empires'—the two trends work in tandem, then. But no, Khanna maintains that globalization is a linear and progressive tale, while imperial geo-politics is an endless cycle, and only the first can save us from the *ricorsi* of the second: 'Today only one force has emerged that could grind the cyclical wheels of global conflict to a halt: globalization.' What then is the nature of this globalization that it could either stop or, alternatively, grease the wheels of geo-politics—is it driven by markets, immigration, technology, or some combination of these? The reader only learns that it is here to stay. 'Whether globalization will continue is not the issue—only its extent.' But, upon reflection, is it certain that globalization will prevail against all obstacles? After all, like empires, globalization too 'has ebbed and flowed throughout history' even though, no doubt, 'today it is wider and deeper than ever.' In sum, the reader will discern no determinate relationship between these two 'trend lines'.

After this preliminary bout of confusion, *The Second World* advances the claim that the coming period will be defined by the course of inter-imperial relations within the First World, not—to repeat—by a rise of the Second. The geo-political core of the world system consists of the US, the EU and China, each pursuing their aims with a unique diplomatic approach, corresponding to competing conceptions of legitimacy: America's bilateralism and coalitions of the willing, Europe's transparent criteria of consensus and ascension, and China's aloof and courteous tradition of consultation.

Khanna's reflections are directed first and foremost to an American foreign-policy readership, and secondarily to their counterparts in other Western capitals. China is the enemy, and the book offers no guidelines to its rulers or people. (Yet it may very well attract readers there too, if only due to the back-handed compliment of having elevated the PRC into the ranks of the First World; after all, Huntington is regarded as an authority on world politics in Tehran.) The refrain of the book is that America has much to learn

from Europe in the conduct of foreign affairs. And who could doubt that today the European carrot is prevailing over the Yankee stick, when one compares the fate of Iraq to that of, say, Cyprus? In Khanna's view, US blundering has already cost it such stalwart allies as Britain and Japan—although perhaps here even the author might admit that this is to exaggerate. Be that as it may, the immediate problem facing US planners is how to scale back before drift and decline take their irreparable toll. Will the US be able to find its way in a new post-hegemonic, multilateral world? Kissinger himself is summoned to concede: 'Force might conquer the world, but it cannot legitimize itself.'

In his various attempts at hard-boiled power-talk, Khanna often seems to take his cue from this older, naturalized American statesman, who truly knew how to play the outsider. Certainly, little time is spent on the difference between political regimes and ideologies: 'The world's most compelling ideology is neither democracy nor capitalism nor any other ism, but success.' And indeed, this elementary truth is the guiding light of all the author's judgements on the fate of peoples in the age of globalization/geo-politics. So what then will be the causes of conflict in the coming struggles for world power? Despite the fact that there are supposedly three imperial contenders, there is not so much as a hint that America and the EU might actually ever come to blows. In fact, Khanna repeatedly argues that the US needs to partner with the EU in order to confront China, the rising sun of a new Pacific era. While America is in decline, an expanding EU might still be able to arrest the eastward vectors of world history. Indicative of the enduring unity of Euro-American civilization, the author periodically collapses his tripartite First World into a straightforward West-versus-China opposition.

Depictions of the latter—although not uniformly negative—occasionally lapse into a sort of Yellow Peril language from another era. The one-child family policy, we are told, is forcing these industrious people to look abroad for their wives, raising the spectre of 'a mongrel Chinese race'. The impetuous economic expansion of this billion-and-a-quarter-strong nation compels it to seize raw materials and dump its wares in unprotected foreign markets, despoiling and looting all that falls in its path. Before this horde of merchants, settlers and state capitalists, the West, in Khanna's opinion, can now credibly present itself as a benevolent protector of the post-colonial world.

What accounts for this ceaseless expansion? Khanna does not seem to possess the kind of grasp of modern Chinese history that might enable him even to speculate. One can only infer from his account that Communist rule merely delayed the timing of this oriental ascendancy, for after all 'Sun Yat-sen explicitly elevated China toward Enlightenment ideals, and Chiang Kai-shek, his successor as head of the Kuomintang, presided over a flowering of economic and cultural liberty until 1949'. Since there is no real geo-political conflict between the US and Europe, perhaps Khanna

assumes that when China is rich enough to afford democracy, circa 2050, it too will enter the comity of pacified empires, and the age of geo-politics will finally come to an end. In the meantime, he warns that the lights may soon be going out, for another era of world wars is on the horizon due to unspecified, irreconcilable antagonisms: 'What, if anything, can prevent World War III in a world of superpowers with such drastically different world-views, motivations and forms of power at their disposal?'

The various countries of the Second World are to be the main prizes in the coming inter-imperial struggles for spheres of influence. But even this claim is only fitfully developed in the body of the book, which meanders off into a bulky travelogue, whose most consistent motif is alarm at the smallest signs of Chinese interference. In a promotional blurb, Khanna explains how he uses the term, and why it is central for understanding the major trends shaping our times:

It used to mean countries of the socialist world; today I use the phrase to refer to those countries in Eastern Europe and Central Asia, Latin America, the Middle East and Southeast Asia which are both rich and poor, developed and underdeveloped, postmodern and pre-modern, cosmopolitan and tribal—all at the same time.

Second-World countries are defined by a dual criterion: economically they mostly fall within the range of GDP per capita 3–6,000 dollars, but geo-politically they are defined as 'swing states', whose weight will be felt as they align themselves with one of the empires of the First World, thus deciding the balance of power amongst them. Khanna recounts, in excruciating prose, a globe-spanning journey through forty of these middle-tier countries. He apparently spoke to countless locals during his tour, but they all end up sounding like this: "Foreigners, other Arabs, and even we Egyptians all get lost here in Cairo", a tea vendor in the Old Cairo neighbourhood aphorized'. The book is filled with such 'aphorisms'. On occasion, the humdrum of serious tourism is interrupted by flourishes from *Time Out*:

Beirut today has no rival as the Arab world's most edgy city, combining the elegance of Istanbul with the seediness of Tangier, and still promises to live up to the original meaning of Levant ('rising') as a place where people of all religions come together and thrive in prosperous coexistence.

The journey begins with Russia, the ultimate swing state, ruled by a Gazprom–Kremlin nexus. Khanna holds out little hope for this once great state, now in headlong decline. Rising oil prices have encouraged nationalist spasms, and a fatal drift towards an alliance with China, whose teeming multitudes are poised to colonize its vast Siberian wastes. Russia's membership in the supposedly China-centred Shanghai Cooperation Organization—a

joint security alliance directed at Central Asian secessionists and terrorists, but still existing mostly on paper—is but a prelude to its more outright subjugation. Only an alliance with the West—advancing relentlessly on its other exposed flanks—can save it from falling under this onerous yoke. In the Great Game being played out in the ex-Soviet ‘near abroad’, Russia is merely casting about before its inevitable checkmate or, to mix the metaphors further: ‘Every few years there is talk of a new iron curtain, but Europe always knocks it down with its velvet glove.’

For Khanna, it is the EU, with its transparent criteria of ranking states in accordance with their behaviour, that is playing the role of civilizing power, not the US, with its penchant for taking sides. Of course, it could be said that it is in fact Washington that decides who will belong to Europe, by setting the terms for membership in NATO. By this joint criterion, oligarchic Ukraine can now aspire to honorary European status—for although too big and poor for actual EU membership, at least it has been detached from Russia and so can hope for imminent induction into the Atlantic order. But even by this more flexible method it can sometimes be hard to determine who are the true Europeans. Romania and Bulgaria are technically ‘in Europe but really are Third World’ (although in per-head income, neither are too far behind First World China). Albania has metamorphosed from a Stalinist backwater to ‘an avatar of European modernity’. Ditto for Turkey, which remains ‘the best model of how Islam and modernity can not only coexist but thrive’. Although (again) too big and poor to become part of Europe, it too can look forward to an honorary, or semi-European status, hopefully better than the one enjoyed by its Ottoman predecessor.

When he gets around to describing the Caucasian leg of his journey, Khanna tosses aside the fig-leaves of European civility, and gets down to hard geo-political facts. Here the maxims of power politics operate with unadulterated force: ‘securing the West’s new arteries of oil from the Caspian Sea and Central Asia requires all but colonizing the otherwise hopeless post-Soviet micro-republics of Georgia, Armenia and Azerbaijan.’ This is followed by an observation vaguely reminiscent of an older account of the Congo: ‘The Caucasus is where the un-West begins.’ But for Khanna, even on the frontier zones of primitive accumulation, the West is, relatively speaking, a benevolent protector. For if it thrusts itself forcefully enough into this desolate corridor, at least a select few regions might be lifted from out the surrounding backdrops of absolute immiseration. On the other hand, if the rulers of the Caucasus do not sign up to the generous terms offered by the local agents of the Occident, even these extraterritorial enclaves will be washed away by the oncoming Chinese deluge.

Despite its ancient Christianity and recent Rose Revolution, Georgia, with no oil or gas of its own, will never be part of Europe, whereas the Turkic

petro-state of Azerbaijan, the epicentre of a regional pipeline that bypasses both Iran and Russia, is 'already part of Europe'. It is hard to determine whether Khanna regards Russia as an independent geo-political power in the Caucasus or, more fancifully, as an agent of the Chinese-dominated SCO. In any event, his three-world framework does not easily lend itself to explaining collisions between the imperial West and the various aspirant regional hegemony of the Second World. But problems of classification never prevent the author from drawing foregone conclusions whenever the sources of Western oil and gas are at stake. The West must actively intervene in Abkhazia, South Ossetia and Nagorno-Karabakh, 'to put an end to Russian and Iranian meddling'.

The next stretch of the journey takes us to Central Asia, the lands of the old Silk Road, stretching from the Caspian to the Mongolian steppe, and 'from Siberia to the Arabian Sea'. All but one of the states of this region—the 'stans', as they have come to be known in Khanna's circles—are members of the SCO, and thus potential Chinese vassals, while some simultaneously host American bases. For Khanna it is here that the contest between the West and the Chinese for mastery over the Eurasian Heartland, 'the geographical pivot of history', will be decided. The jewel in the Central Asian crown is Kazakhstan, a prize of well-nigh Saudi proportions, whose energy assets are estimated to be in the neighbourhood of 9 trillion dollars. Presiding over this bonanza on the Caspian, the enlightened Nursultan Nazarbayev has steered his country to the shores of peace and prosperity under the obliging, open-door philosophy: 'Happiness is multiple pipelines'. For Khanna, it would be hard to find a better model for Second World states: 'Kazakhstan has an opportunity for self-realization that most Second-World countries can only dream of, and its social and political stability make the country its own best bet.' Having wisely opted to relinquish its Soviet-era nuclear arsenal and pursue friendly relations with all outside powers, accommodating Kazakhstan is a model for what Russia could be, if only it abandoned its unsustainable geo-political delusions and accepted its demotion into the Second World.

The stagnant autocracies of Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan, with little to offer on the oil and gas front, are barely worth mentioning, and will continue as unreliable clients of East and West alike. Success is no doubt the world's dominant ideology, and by this standard, excepting a few posh quarters in Astana, nearly the whole region is relegated to the category of 'trashcanistan'. Khanna tosses both Afghanistan and Pakistan into this heap of basket cases. Like it or not, Afghanistan is about to fall out of the hands of an exhausted West, while Pakistan, opportunistic and increasingly unreliable as an ally, might also have to be conceded. But while Central Asian state-failure is a breeding ground for Islamists, it is

not they, but rather the Chinese, of course, who are now poised to fill the ensuing power vacuum.

Leaving behind for a while the imperial clashes of the Old World, the author takes a relaxing detour through Latin America. Secure in its hemispheric bailiwick, the US has for too long taken this geo-politically marginal region for granted. In these chapters, Khanna reflects on the track record of American imperialism with an occasional gesture of impartiality to ideas from the left, even going so far as to attribute some of the region's backwardness to 'the development of underdevelopment'; after all, one of the main goals of the book is to disabuse US policy-makers of their delusions of Manifest Destiny. But it goes without saying that any actual attempts to contest American power are roundly denounced. Khanna sets out to separate the winners from the losers in the great saga of globalization, while periodically alerting the reader to the threat posed by Chinese bearing gifts to the Latins.

Nonetheless, it is only in this region that Khanna foresees the rise of an independent Second World, in contrast to the Old World where second-tier states can only hope to tip the balance between empires. Who will be the leader of this emerging bloc? NAFTA has tied Mexico too closely to the US, and in any event, its economy is sinking under Chinese competition. Of course Bolivarian Venezuela, with its explicit goal of organizing such an alliance, is disqualified. Khanna's lurid descriptions of Caracas, heaving with misery and discontent, take on a certain unintentionally comic quality when he tries to explain why Chávez has been repeatedly re-elected:

Charming and irresponsible, Chávez manipulated these poor masses who don't demand accountability in either governance or oil-revenue because they don't realize that the state and its resources ultimately belong to them.

He goes on to explain that 'unlike in Kazakhstan where property rights have been spread widely and oil wealth used to spur private enterprise', Venezuela's oil money has been squandered on welfare cheques to the poor and ignorant. In what might take the prize for the most illiterate historical analogy of the year, he concludes this chapter by suggesting that Venezuela now resembles Iran prior to the overthrow of the Shah: 'oil wealth, inequality and disenfranchisement, a classic pre-Revolutionary situation.'

Fleeing this hell-hole, Khanna arrives in Colombia, whose brave leader inspires him to the fulsome misstatement that Uribe's re-election in 2006 made him the only Andean leader to win a second term since the days of Bolívar. The raging chaos of landlord-backed death squads and US aerial defoliation of coca fields is summed up in the pat conclusion that here 'building a state and winning the war on drugs go hand in hand'. At least, he

observes, the streets are safer in Bogotá than in Caracas, although perhaps not for journalists or union organizers. Echoing the collective wisdom of Western officialdom, Khanna enthusiastically nominates neo-liberal Brazil over Bolivarian Venezuela for Latin American regional leadership. With its responsible macro-economic policies, it can act as a credible leader in the fight against Western protectionism. The number of corruption scandals involving the Workers' Party are undeniably cause for widespread concern, leading many of the Brazilians he met to joke: 'Chávez learned it all from Lula'. *The Second World* is laced with this brand of humour. Not one to break ranks with the custodians of Western financial interests, Khanna dismisses the Argentines as an arrogant, declining people who have forfeited the right to be taken seriously through their decision to default on their debts. Chile is, of course, the economic model for the continent—although the fact that its GDP per capita is roughly the same as Argentina's passes unnoticed.

After this brief detour through the Western hemisphere, the journey swerves back to the Old World heartlands of geo-politics. Thus the Middle East is presently the site of an epic showdown between a new Arabism of luxury tourism and world-class shopping malls, on the one hand, and Islamic fundamentalism on the other. Although the region's regimes live in fear of an Algerian-style meltdown, Khanna predicts that as the tides of globalization come in, various forms of Islamism will either sink, or learn to swim. On the Gulf periphery of the Arabian peninsula, Anglo-American arms permit Qatar, Kuwait, UAE and Bahrain to experiment with a free-wheeling offshore capitalism, by protecting their dynasties and local tribes from the threat of both Saudi Arabia and Iran. Abu Dhabi and Dubai are the capitals of an Arab Renaissance that bears comparison to the glories of the Abbasids, although perhaps it is also true that they are gilded and fragile dystopias supported by an apartheid regime of super-exploited Asian workers. With his keen eye for success, Khanna has almost nothing but praise for the globalization-savvy Saudi kingdom, governed by the wise maxim: 'Modernity is a phase, while faith is eternal.' The rulers of this land, not so long ago pronounced moribund, are spared the usual dire warnings that they must either adapt or die. Khanna has little patience for America's 'child-like silent treatment' of Iran, and advises the West to accept the Islamic Republic's inevitable, if inconvenient, nuclear programme, for globalization will eventually put paid to this regime.

Outside of the petrol zone, Khanna seems willing to write off or dress down many of the region's rulers. Egypt is a social time bomb, poised to explode. Israel, a nation founded on terrorism and now constantly threatened and provoked by it, will simply die if it does not adapt. Syria turns out to be 'more like Uzbekistan than a chamber of freedom'. Beirut's nightlife appears as the Mashreq's only bright spot; the domestic and international standoff

unfolding there seems to have escaped his attention. Khanna's world-view may have been hardened by what he saw as an advisor to American Special Operations Forces in Iraq. His disappointment with the occupiers occasions the lofty conclusion: 'America abdicated its ethical responsibility to understand the country it was occupying, both for its sake and for the sake of those it occupied.' But the carnage and mayhem that these misguided liberators have left in their wake evokes no remorse. For after all, Iraq should probably never have existed: 'The final settlement of the eastern Ottoman question will not be complete until the death of Iraq, which also solves the question of the Kurds.' Despite its failure to get to know the people, America performed the world-historical task of liquidating this artificial entity, admittedly once a heartland of nationalist and left-wing movements. One can only hope that Khanna turns out to be wrong with regard to the 'eastern Ottoman question' and that the people of this occupied and enslaved land manage to send the last international understudy scurrying off by helicopter.

Khanna's world tour now approaches its conclusion as he takes reconnaissance of what he sees as a vast, emerging Sino-Pacific world system. A great geo-political reversal is unfolding, as an older American-centred alliance system, based on controlling the Eurasian hinterland from outposts on the Pacific rim—Japan, South Korea, Taiwan, Singapore and Australia—is slowly returning to an ancient pattern whereby the polities of this outer fringe pay tribute to an imperial Chinese centre. Nuclear India, the poor man's democracy, land of rural squalor and shining IT, former champion of Non-Alignment, is dispatched in two pages as a country that can either opt for strategic partnership with America, or become a subsystem of the new China-centred co-prosperity sphere. (Another two pages are spent on sub-Saharan Africa, or rather on the encroachments of the new Chinese colonialists into Zimbabwe and Sudan.) Malaysia's feisty Mahathir is praised as a pioneering Second World leader, every bit the equal of Singapore's Dr Lee, and another great Muslim modernizer. Sprawling Indonesia is improbably described as tottering before the onslaught of a vast Islamic menace, a force elsewhere dismissed as politically inconsequential. As an AIDS-infested pariah, Burma is a paradigmatic Chinese client state. Thailand too offers no resistance to the Chinese, for it has long since been racially infiltrated by the Han. Disputes between China and Vietnam over the Spratly and Paracel islands will sharpen, but probably not come to blows. After a quarter-century of explosive growth, China is inexorably resuming its position as the natural centre of a Pacific *Grossraum*: what can the US do to contain such a force of nature, Khanna wonders, without triggering off another Pearl Harbor?

Despite the fact that Khanna claims fluency in Hindi, French, Spanish and German, the bibliography of *The Second World* consists, without a single exception, of books and articles in English. With a few concessions to the

classics, its intellectual range by and large stays within the narrow gamut of American policy-studies literature. Perhaps indicative of the cultural horizons of the cosmopolitan layer that nests in today's international schools and policy sinecures (cruelly dubbed 'Eurotrash' by the Americans), Khanna's prose style is a non-stop flow of clichés, national stereotypes, power-point banalities and lifeless anecdotes. The fruit of the author's journey through forty countries, *The Second World* is a monument to the futility of travel.

If the thesis of the work is not readily apparent, its classification of countries into three worlds is incoherent. Geo-politically the First World embraces China, although, economically China 'already is Second World, but is climbing up from the Third.' By Khanna's definition, Japan, economically First World, Russia, Second World, and India plain old Third, all belong to the Second World. As one might imagine, this allows for certain liberties of classification. The slippages involved are only barely concealed by the nearly complete absence of statistics on GDP, rates of growth or population. In fact, estimations of the size of the Chinese economy vary widely: the claim that it is the second largest in the world is based on recently introduced measures of purchasing power parity, and can be countered by other statistics which show it to have a GDP somewhat larger than France's. The gap between these methods has resulted in, and reflects, an enormous uncertainty about the future prospects of both the world economy, and the coming distribution of world political power. In a work ostensibly on geo-politics, the author provides no estimation of the military capacities of states, nor of the proliferation of the kind of weapons that limit Western options for intervention, amongst other things. The entire odyssey through the Second World unfolds as a succession of impressions of people, all of whom speak in the universal language of scripted commonplaces; and what goes for the micro, holds for the macro, for 'countries are people too'.

Is America up to the epic challenges that lie before it? In the concluding chapters, the author unleashes a torrent of anti-American caricatures to warm the hearts of all cosmopolitans: SUVs, no medical care, obesity, guns, the Patriot Act and precisely the sort of cultural illiteracy foreseen by Tocqueville and Nietzsche. The sheer vulgarity of the Americans probably makes them unfit for the task of keeping the wheels of world history from turning too rapidly to the East. But who else could shoulder the burden? Winning over the Second World will be the key, and to do this the US must invest in 'transformational diplomacy' of the kind that will employ a whole new generation of international-school graduates.

Jonathan Zittrain, *The Future of the Internet—And How to Stop It*
 Allen Lane: London 2008, £20, hardback
 342 pp, 978 1 846 14014 3

DANIEL MILLER

STERILIZING CYBERSPACE

When theorists and artists first started exploring the internet in the early nineties, one of the most popular metaphors deployed was that of the rhizome, drawing an analogy between the web's proliferating pathways and the underground root system of plants. More recently, the allegory of choice has shifted one stage along, and the rhizome has been supplanted by the figure of the feed. With the internet's increasing commercialization, web content has come to be aggregated and distributed in the form of RSS, video and html-embedded feeds; the lateral spread of vegetable life has given way to the means of digesting it, and in place of the hackers and cyberpunks who once dominated the public imaginary, there are now user-consumers chewing digital cud. The utopian future that the early net seemed to promise, meanwhile, has been thoroughly broken down by its passage through the system.

Jonathan Zittrain's lucid new book traces this movement and puts it in context. Zittrain is—astonishingly—the professor of Internet Governance and Regulation at Oxford; one of a burgeoning number of legal scholars who have recently trained their attention on cyberspace. *The Future of the Internet* opens by contrasting two different tendencies that run through the history of information technology. In the red corner, there is the tinkerer-hobbyist model, best represented by flexible, re-programmable personal computers like the 1977 Apple II. In the blue, there is the new leading edge of consumerist-technological development, embodied by the same company's iPhone, launched in 2007. 'The Apple II was quintessentially *generative* technology', Zittrain stresses, while 'the iPhone is the opposite. It is sterile. Rather than a platform that invites innovation, the iPhone comes pre-programmed: you are not allowed to tinker with the all-in-one device

that Steve Jobs sells you.' According to Zittrain, the post-1970 phase of the history of computing produced a double victory for generativity. Firstly, the spread of the hobbyists' personal computer into the mainstream in the mid-80s, which effectively destroyed the previously existing IBM business model of powerful general-purpose machines, maintained exclusively by the vendor. Windows PCs, like their Mac OS and Linux counterparts, were designed to run code from any source: even Bill Gates, as Zittrain points out, did not aim at a world in which PCs *only* ran Microsoft software, but one in which *all* ran it. Secondly, the revolutionary expansion of the internet from the mid-90s, after the development of dial-up software—Winsock was coded by an employee of the Tasmanian University Psychology Department in 1994, and bundled by Microsoft in Windows 95—sidelined proprietary, centrally controlled networks like CompuServe and AOL in favour of the college-born World Wide Web, with its absence of paying subscribers or private capital.

This double triumph opened the way to a surge of creative endeavour, in which the grid's generativity was a boon not only to code-writing but to a much wider range of artistic and cultural ventures, including 'those that benefit from the ability of near-strangers to encounter each other on the basis of mutual interest, form groups, and then collaborate smoothly enough that actual works can be generated' (Zittrain's prose occasionally reflects his geek-at-law-school formation). Hotmail took off in 1996; Google was incorporated in 1998; Wikipedia launched in 2001. In the early 2000s, collective tinkering played a key role in generating the social-network applications of Web 2.0 platforms (MySpace in 2003, Facebook in 2004), video-sharing (YouTube was launched by three ex-PayPal employees in 2005) and experimental mash-ups, integrating data from different sources (notably the reworking of Google Maps). The great virtue of PCs and the internet to date, Zittrain suggests, has been their capacity to produce 'unanticipated change' by dint of 'unfiltered contributions from broad and varied audiences'—an input that far exceeds that of the best-funded R&D department.

But this fragile ecology is now under threat as the proprietary model, once championed by IBM, stages a Thermidorian comeback. The central argument of *The Future of the Internet* is that the open, generative technology upon which the internet was first built has left it fatally vulnerable to invasion by the free market's evil twin, organized crime. By 2006, 80 per cent of the world's total emails were spam, with nearly half of this originating in the US. Hostile software code is used to capture networked PCs, creating 'botnets' of zombie computers which can be turned into automated password-cracking 'phish' farms, virus incubators or spam servers, spewing out millions of messages unbeknown to their users, to email addresses gleaned from the internet or from the invaded PCs themselves. The earliest viruses were limited in their effects by transient dial-up connections; more

importantly, they were mainly motivated by mischief or curiosity rather than profit. The first is said to be a programme sent out by a Cornell graduate student in 1988 to count how many computers were using the internet; it turned out to be buggy and temporarily took over the PCs it was supposed to count, before their users united to stop it. But from around 1997, according to statistics compiled by the anti-virus centre CERT/CC, there has been a geometric increase in the number of 'security incidents'; by 2003, they had become too numerous to count.

With the expansion of the net and the advent of permanent broadband connections, viral invasion was developed as a business model. Even if only 0.001 per cent of email recipients take up the offer of fake watches, cheap software, designer replicas, anti-depressants, penile enlargement or university diplomas, dollars will be made. These commercial viruses are not destructive: 'those who hack for profit have no interest in destroying their hosts or drawing attention to themselves'; but they are increasing exponentially, their numbers doubling each year since 2003. The going rate for good spam code is now around \$50,000. The scale is dizzying: a 2007 report estimated that the number of PCs belonging to botnets ranged from '100 to 150 million, or a quarter of all the computers on the internet'; around 1 million new bots were emerging each month. Spyware can be installed along with free downloads on unwitting users' PCs. Skype internet telephony software generates network traffic even when it is not being used; if it were to be reverse engineered by hostile software code, it could create 'the biggest bot-net ever'. A single advertisement, contaminated with bad code and flashed from, say, the NYT website by a third-party advertiser, 'can instantly be circulated to the browsing tens of thousands', and thence to many more. It is a myth, Zittrain argues, that Macs and Linux, or Firefox and Opera browsers, are intrinsically better protected than Microsoft products: the scale of attacks only reflects Microsoft's market share and switching will simply make the other platforms more attractive as targets.

It is this low-level but high-volume exploitation of generativity that is rendering the status quo unsustainable, Zittrain argues. Though he conjures the spectre of an electronic apocalypse—a 'worm' spreading throughout the internet that eventually instructs infected machines 'to erase their own hard drives at the stroke of midnight'—he thinks the greater likelihood is a gathering stampede of frustrated users away from generative platforms and into the arms of a revamped IBM model: a network based on locked-down appliances, which 'incorporates some of the web's most powerful features while limiting innovative capacity and heightening regulatability'. The PC will lose its place at 'the centre of the information technology ecosystem' as people turn instead to the seemingly more secure patterns of access provided by sterile appliances and restrictive computing environments, such

as those found in libraries and schools. Zittrain's fear is that a 'lockdown on PCs and a corresponding rise of tethered appliances will eliminate what today we take for granted: a world where mainstream technology can be influenced, even revolutionized, out of left field'.

The trend away from generativity has been powerfully reinforced by the latest generation of non-modifiable appliances, such as the iPhone: elegant, multi-functional but, in Zittrain's terms, totally sterile. Other crucial devices here are the TiVo digital video recorder, the Blackberry wireless handheld device, the Amazon Kindle (a.k.a. 'swindle') e-book device and Microsoft's Xbox 360 games console. Although each of these systems is predicated on the advances of generative computing power—the TiVo, for instance, is run on the open-source Linux operating system—each of them also denies its users the possibility of additional generativity. In the case of the iPhone itself—a device which consumers technically do not own, but lease—Apple has clamped down on users who modify their machines by transmitting electronic kill-signals direct from Apple HQ, turning their phones into non-functioning iBricks. The Kindle is arguably still more restrictive: not only does it lock users into dependence on Amazon's own system for distributing e-books, it also proposes to end the archaic custom of lending books to others; those who purchase 'Kindle' e-books are contractually prohibited from sharing them or transferring them to another device.

But as Zittrain warns, 'on the internet, channels of communication are also channels of control', and tethered appliances can more easily be turned to purposes beyond the purely commercial. Already GPS—'sat-nav'—systems can be remotely programmed to eavesdrop on their users, and mobile phones turned into roving microphones or radar-transmission devices. TiVo knows what TV channel you are watching. A networked PC's microphone and video camera can be activated remotely, and its files searched and shared. In Zittrain's view, the growing trend towards sterile, proprietary devices only widens the scope for such surveillance, laying the foundations for the lockdown of internet space. Clearly, this is more than a merely technological issue: it raises the question of how the changing nature of the internet is transforming the way in which the world itself may be influenced.

The theme of convergence arguably provides a better focus for tracing the history of computing than Zittrain's opposition between generativity and sterility. In its conventional usage, convergence refers to the merging of different streams of media into a single, integrated system: in the living room, for example, the internet, telephone, digital video recording and television are blending into a single interface, accessed by a single controller. There are implications here for the still-further colonization of leisure time, as Gates was happy to admit with regard to the Xbox: 'It was about strategically being in the living room.'

Yet there is another sense to the term: namely, the increasing convergence between digital media and everyday life, as computing and networking power have accelerated into the social and commercial mainstream, dissolving earlier boundaries. Zittrain adverts to this in his discussion of surveillance, drawing a distinction between the 'post-Watergate' model of privacy and what he calls 'Privacy 2.0'. The former turned on the dangers of centralized entities and their plain-clothed agents amassing data and abusing it. By contrast, in the age of Privacy 2.0 the advent of cheap processors, networks and sensors means that governments or corporations may not be the agents of surveillance: 'peer-to-peer technologies can eliminate points of control and gate-keeping from the transfer of personal data and information just as they can for movies and music.' Hence civil-rights questions about, for example, police monitoring of public demonstrations are blind-sided when armies of amateur cameramen can assemble all the information law-enforcement professionals need, and then place it on Flickr for easy mobile browsing. Zittrain cites a 2006 pilot programme in Texas, where the state authorities set up eight webcams along the Mexican border whose feeds were published on a website which invited the public to alert the police if they thought they saw 'suspicious activity'. Similarly,

With image-recognition technology mash-ups, photos taken as people enter [abortion] clinics or participate in protests can be instantly cross-referenced with their names. One can easily pair this type of data with Google Maps to provide fine-grained satellite imagery of the homes and neighbourhoods of these individuals, similar to the 'subversive books' maps created by computer consultant and tinkerer Tom Owad, tracking wish lists on Amazon.

As Zittrain himself appreciates, these developments stem from the consequences of generativity, rather than the effects of tethered sterility. In his view the general problem posed here is that, whether deployed by the state, corporations or private groups of activists, 'peer-leveraging technologies are overstepping the boundaries that laws and norms have defined as public and private, even as they are also facilitating beneficial innovation.' *The Future of the Internet* approaches its topic from a classically liberal perspective, and Zittrain's principal suggestion is that Madison's mechanisms of due process and separation of powers, to help 'substitute the rule of law for plain virtue', need to be translated into a compact for online communities. In the idiom of political philosophy, Zittrain's opposition between generativity and sterility appears to be a reformulation of that between liberty and security. Yet since Locke, liberalism has depended on the assertion of a clear separation between public and private spheres that here, it seems, is dissolving under the digital onslaught; how liberalism itself attempts to resolve this contradiction remains to be seen.

The main concern of *The Future of the Internet*, however, is to safeguard the generative creativity of PCs and the internet, both from the torrent of spam and viruses that threatens to render the web unusable within the next few years and from the neutering effects of sterile appliances and the IBM model. Blanket regulatory intervention is both too crude—preventing experimentation—and ineffective: spammers will remain in hiding. Instead, Zittrain outlines a series of measures which he hopes may plug the breach before it becomes critical—a multi-tiered digital-health programme, designed to make generative ecology safe for ordinary computer users. Wikipedia's consensus-based, self-governing procedure and communitarian ethos supply the normative model. The ultimate aim is to mobilize the wiki process of user participation not just at the content level, but at that of code: the PC–internet security space needs to explore ways of pooling the power of its millions of users—to 'empower rank-and-file users, rather than imposing security models'. Above all, 'we need to develop tools and practices that will enable people to help secure the net themselves, instead of waiting for someone else to do it'.

One step towards this is an information clearing-house to provide 'reliable, objective information about downloadable applications in order to help consumers to make better choices about what they download onto their computers.' Zittrain has already launched such a project, the unattractively named StopBadware.org, run in partnership with Google. The main weapon in this task is a piece of software called Herdict—'the verdict of the herd'—which assembles signs like the number of pop-up windows or crashes per hour, and makes the information available to other users for collective evaluation. PCs themselves might also be made more secure if the Wikipedia 'content recovery' safety nets could be applied at the level of code to create 'system restore' features in case of crashes. A PC could be split into two 'virtual computers': its 'Green' PC would house reliable software and important data—'tax returns, term papers, business documents'—while the 'Red' PC could be used for experimentation. PCs could also be built to provide better information on data going in and out, 'on the model of a speedometer or fuel gauge'.

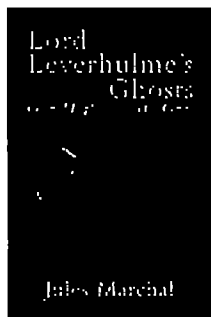
Zittrain proposes a series of modest legal reforms to increase protection against corporate overreach. Discussing the issue of data storage on tethered products such as iPhones, he invites us to 'imagine cameras that effectively made [personal] photos property of Kodak, usable only in certain ways that the company dictated from one moment to the next'. Zittrain argues that users' rights to data portability need to be codified, to ensure that material is readily extractable in a standardized form should the user wish to change appliances—a move that would help to keep traffic open between generative and sterile technologies. Similarly, in instances where internet services such as Google Maps and Facebook encourage users to add their own customized

inlays and gizmos to the standard site template—adding value to the commercial enterprise by increasing participation—Zittrain contends that ‘those who attempt to harness the generative cycle ought to remain application-neutral after their efforts have succeeded, so all those who have built on top of their interfaces can continue to do so on equal terms.’

Much more controversially, Zittrain proposes to encourage Internet Service Providers to detect and quarantine zombified PCs on their networks, instituting filters and gateways on the web. Such a move would fly in the face of the ‘end-to-end neutrality’ principle on which the internet has always been based. Zittrain endorses it somewhat sheepishly, arguing that it would buy time in which to develop a more educated user community, and permit generative technologies to remain sufficiently central within the digital ecosystem so as to be able to produce the next round of innovations.

Does it matter? Arguably, hobbyists will continue to tinker regardless of what gadgets go on sale, and the Gateses and Jobses will continue to harvest and exploit their inventions. Most PC and internet users are blithely unaware of the generative powers beneath their fingertips. But Zittrain provides a useful model for thinking about the relations between the internet’s social and technological functions. He describes a series of layers: first, a physical layer—the wires or airwaves over which the information is sent; a protocol layer, establishing the addresses and codes through which the data can flow; an applications layer, at which tasks are performed; a content layer; and a social layer, comprising the interactions of internet users. Zittrain explains that tinkers can experiment on one layer without having to understand much about the others, and there need not be any coordination between those working on one layer and those on another. Thus, ‘someone can write an application without knowing whether its users will be connected by modem or broadband’. New vistas can be opened up at the level of content without regard for the platforms from which it will be accessed. At the same time, each layer is open to further development. It seems inarguable that the collectively generated innovations of the internet—however compromised, contaminated and spied upon—have expanded the space for the free exchange of ideas and information, independent of today’s ruling powers and interests; and that further collective innovations are likely to do so again. In that sense, however modest his reforms, Zittrain is signalling a real problem.

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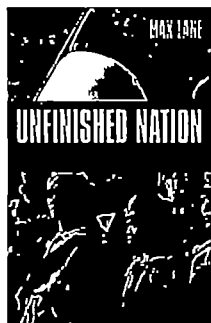
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